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Govt. approves PPIB-AEDB merger

MUSHTAQ GHUMMAN

ISLAMABAD: In a key policy decision, government has approved merger of Private Power and Infrastructure Board (PPIB) and Alternate Energy Development Board (AEDB) aimed at providing one window facility to the power sector investors, well informed sources told Business Recorder.

The decision has been taken by the federal cabinet, with Prime Minister Nawaz Sharif in the chair on May 26, 2017 on a summary of the Water and Power Ministry.

Both the organisations dealing with private power projects are under the administrative control of Water and Power Ministry. However, senior officials of both organisations confided to this correspondent that they have not been consulted on merger proposals at any stage. Both PPIB and AEDB have been in the media for different corruption scandals. A few senior officials of the PPIB who allegedly made money from power sector have established their own businesses.

Ministry of Water and Power, in its summary requested approval through circulation granted by the cabinet in its meeting held on May 2, 2017 to a draft Bill whereby the AEDB Act, 2012 was repealed and the PPIB Act, 2012 was amended so as to empower PPIB to undertake functions of AEDB in addition to its existing functions.

According to the Ministry of Water and Power, the purpose of the measure is to simplify procedures by providing one window facilitation desk for investors in the power sector, while at the same time reducing cost of such facilitation by certain amendments to the PPIB Act, 2012 (Act Vi of 2012). Further, the Bill has been drafted in a manner which ensures that there will be no adverse implications for the current/ongoing projects being handled by the AEDB.

Subsequently, the draft Bill was submitted to the Ministry of Law and Justice Division for drafting/legal vetting, which cleared the Bill and returned it to the Ministry after requisite amendments and corrections.

Water and Power Ministry in its statement of objects and reasons, said the AEDB is essentially tasked with the same functions as PPIB, except that its scope is limited to alternative energy. The PPIB has been in existence since 1994 as a one window facilitation centre for investors in the energy sector. The establishment of the AEDB has therefore created an anomaly in the system because it has also begun operating as a one window facility for one segment of the sector, whereas in terms of its preamble its primary function should have been research and development for growth of the alternate energy sector.

"For this reason, it is felt that the AEDB may be merged into the PPIB which has been in existence since 1994 and has therefore developed the requisite skill set and ability to act as a one window facility for all segments of the energy sector," the sources quoted Water and Power Ministry as saying in the summary.

However, the research institute for alternative energy envisages under the AEDB Act, 2010(Act XIV of 2010) will continue under the aegis of the PPIB to ensure continuity in the research and development

The draft Bill aimed at to amend PPIB Act, 2012 as follows; Whereas, in the interest of certainty and consistency in the smooth functioning of the power sector, it is expedient further to amend the Private Power and Infrastructure Board Act, 2012 (Act VI of 2012);

It is hereby enacted as follows:

1. Short title and commencement (1) This Act shall be called the Private Power and Infrastructure Board (Amendment) Act, 2017.

(2) It shall come into force at once.

2. Amendment of preamble,

Act VI of 2012.- In the Private Power and Infrastructure Board Act, 2012 (Act VI of 2012), hereinafter referred to as the said Act, in the preamble, in the second paragraph, -

(a) the words “private sector” shall be omitted; and

(b) after the word “investors” the words “and to assist and facilitate development and generation of alternative or renewable energy in order to achieve sustainable economic growth with transfer of technology for development of an indigenous technological base through a diversified energy generation” shall be inserted.

3. Amendment of section 1, Act VI of 2012.- (1) In the said Act, in section 2, -

(i) the existing clause (a) shall be re-lettered as (aa);

(ii) before clause (aa), re-lettered as aforesaid, the following new clause shall be inserted, namely:

“(a) “alternative or renewable energy” means energy that is produced by alternative or renewable resources as compared to the conventional or that are replenished naturally which do not deplete when consumed and are non-polluting and environment friendly”;

(iii) after clause (c), the following new clause (ca) shall be inserted, namely:-

“(ca) “institute” means institute of alternative and renewable energy technologies established under section 5A”; and

(iv) in clause (g) after the word “regulations” the words “made under this Act” shall be inserted.

4. Amendment of section 5, Act VI of 2012.- (1) In section 5, in sub-section (2), -

(i) in clause (a), after the word “policies’, the comma and words, including for the utilization of alternative and renewable energy resources” shall be inserted; and

(ii) after clause (b) the following new clauses shall he inserted, namely:-

“(ba) act as a forum for evaluating, monitoring and certification of alternative or renewable energy projects, products and proposals;

(bb) create awareness and motivation of the need to set up alternative and renewable energy projects for the benefit of general public as well as evaluating concepts and technologies from technical and financial perspective;

(bc) conducting feasibility studies and surveys to identify opportunities for power generation and other applications through alternative and renewable energy resources;

(bd) making legislative proposals to enforce use and installation of equipment utilizing renewable energy;”

5. Insertion of sections 5A and 5B, Act VI of 2012.- In the said Act, after section 5, the following new sections 5A and 5B shall be inserted, namely:

“5A. Organization of the Board — (1) The Board may, for carrying out its functions for promotion of alternative and renewable energy, development of alternative and renewable energy technologies, certification of alternative and renewable energy products and projects and project management, establish one or more organizations as it may consider necessary.

(2) An organisation established under sub-section (1) shall be subject to control and supervision of the Board and shall function within the framework of this Act.

(3) An organization established under sub-section (1) shall perform such business as may be prescribed by regulations.

5B. Institute of alternative and renewable energy technologies.—. (1) The Board may, for carrying out its functions of commercial application of alternative or renewable energy and corresponding human resource development in the area of alternative and renewable energy, establish an institute of renewable energy technologies.

(2) The institute shall conduct the business in such manner as may be prescribed by regulations.’

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6. Insertion of section 6A, Act VI if 2012.- After section 6, the following new section shall be inserted, namely:

"6A. Dissolution of Alternative Energy Development Board.- (1) Upon insertion of this section, the Alternative Energy Development Board established under section 3 of the Alternative Energy Development Board Act, 2010 (Act XIV of 2010) shall stand dissolved and upon such dissolution -

(a) the Alternate Energy Fund established under section 13 of the Alternative Energy Development Board Act, 2010 (Act XIV of 2010) shall stand transferred to and vest in the Private Power and Infrastructure Board Fund established under section 14;

(b) any and all assets, rights, powers, authorities and privileges and all property, cash and bank balances, reserve funds, investment and all other interests and rights in or arising out of such property and all debts, liabilities and obligations of whatever kind of the dissolved Alternative Energy Development Board subsisting immediately before its dissolution, shall stand transferred to and vest in the PPIB;

(c) notwithstanding anything contained in this section or any other law for the time being in force or in any agreement, deed, document, or other instrument, all officers, consultants, advisers, auditors and other employees and staff of the dissolved Alternative Energy Development Board shall and be bound to, at the option of the Federal Government,.

(i) stand transferred to and be officers' consultants, advisers, auditors and employees and staff of the PPIB; or

(ii) accept a voluntary separation allowance under a separation scheme to be determined and notified by the Federal Government:

Provided that the persons mentioned in clause (1) shall be deemed to have been appointed or engaged by the PPIB in accordance with the same terms and conditions of service as were applicable to them, immediately before such continuance in office or transfer under this section and shall not be entitled to compensation because of such continuance or transfer:

Provided further that any civil servants appointed to or working in the dissolved Alternative Energy Development Board shall upon their transfer to the PPIB continue to be governed by the Civil Servants Act, 1973 (LXXI of 1973) and rules made there under;

(d) all debts and obligations incurred or contracts entered into, rights acquired and all matters and things engaged to be done by, with or for the dissolved Alternative Energy Development Board shall be deemed to have been incurred, entered into, acquired or engaged to be done by, with or for the PPIB;

(e) all suits and other legal proceedings instituted by or against the dissolved Alternative Energy Development Board before its dissolution shall be deemed to be suits and proceedings by or against the PPIB and shall be proceeded or otherwise dealt with accordingly; and

(f) any reference to the Alternative Energy Development Board so dissolved in any statutory instrument or document shall, unless the context otherwise requires, be read and construed as reference to be PPIB.

(2) All rules, regulations, notifications, orders or instructions in force pertaining to or in any way concerned with or affecting the dissolved Alternative Energy Development Board immediately before the insertion of this section, shall, so far as they are not inconsistent with any of the provisions of the this Act, continue to be in force until repealed, altered or rescinded by rules or regulations made tinder this Act.

7. Addition of section 30, Act VI of 2012.- In the said Act, after section 29, the following new section shall be added, namely:

"30. Repeal.- The Alternative Energy Development Board Act, 2010 (Act XIV of 2010) is hereby repealed".

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ECC-approved SROs given one-year extension

SOHAIL SARFRAZ

ISLAMABAD: The government has given one-year legal backing (up to June 30, 2018) to the Statutory Regulatory Orders (SROs) to be expired on June 30, 2017. These SROs were issued by the Federal Board of Revenue (FBR) after approval of the Economic Coordination Committee (ECC) of the Cabinet.

Sources told Business Recorder here on Monday that following Presidential assent

of the Finance Bill 2017-18, the SROs approved by the ECC would get one-year extension up to June 30, 2018. These SROs issued by the FBR and duly approved by the ECC would expire on June 30, 2017. If the date of expiry of SROs has not been extended, the same would expire on June 30, 2017. In order to give protection to these decisions of the ECC in the form of SROs for another one year, the Finance Bill 2017-18 has made amendments to Customs Act 1969, Income Tax Ordinance 2001, Sales Tax Act, 1990 and Federal Excise Act, 2005. When the President would give his assent to the Finance Bill 2017-18, the said amendments would be enforced immediately and not from July 1, 2017, sources added.

A chartered accountant company said that the process of providing exemption and tax concessions in the Second Schedule is subject to the prescribed procedure. In the present circumstances such process requires the approval of the federal government, which as held by the Supreme Court of Pakistan could only be the Prime Minister and his Cabinet. Now, the process of exemptions and tax concessions can be initiated by the Federal Board of Revenue with the approval of the Minister In-charge subject to approval of Economic Coordination Committee. Consequently any notification issued from July 1, 2016 onwards is validated through this amendment up to June 30, 2018. Similar amendments have also been made in Customs, Sales Tax and Federal Excise Act.

Another tax expert said that presently, the federal government, pursuant to the approval of the Economic Coordination Committee of the Cabinet, is empowered to amend the Second Schedule to the Ordinance in order to provide or withdraw exemptions and tax concessions or to provide conditions in respect thereof. All such amendments made during the financial year are required to be placed before the National Assembly for ratification. However, in case such notification issued by the federal government is not ratified by the Parliament, it stands rescinded at the end of the financial year in which it was issued. Keeping in view the long drawn process of getting the exemptions legislated, the said powers of the federal government and the procedure thereof was criticised by different quarters. In order to address the concern, the Bill proposes to empower the FBR to grant exemptions and concessions subject to the approval of the Minister In-charge of the federal government. Such an amendment, in our view, will streamline the process of exemption and tax concession. Further, in relation to the time bound validity of the exemption issued by the federal government that have not received ratification from the Parliament, the Bill proposes to sanction their validity up till 30 June 2018, expert added.

The amendment to Custom's Act 1969 said: "Provided that all such notifications, except those earlier rescinded, shall be deemed to have been in force with effect from first day of July 2016 and shall continue to be in force till June 30, 2018, if not earlier rescinded. Provided further that all notifications issued on or after first day of July, 2016 shall continue to be in force till June 30, 2018, if not earlier rescinded."

The amendments in the Sales Tax Act, 1990 said: Provided that all such notifications, except those earlier rescinded, shall be

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deemed to have been in force with effect from 1st July, 2016 and shall continue to be in force till June 30, 2018, if not earlier rescinded. Provided further that all notifications issued on or after first day of July, 2016 shall continue to be in force till June 30, 2018, if not earlier rescinded."

Amendment in Income Tax Ordinance 2001: Provided that all such notifications, except those earlier rescinded, shall be deemed to have been in force with effect from the first day of July 2016 and shall continue to be in force till the thirtieth day of June, 2018, if not earlier rescinded: Provided further that all notifications issued on the first day of July 2016 shall continue to be in force till June 30, 2018, if not earlier rescinded.

Amendments of the Federal Excise Act, 2005: Provided that all such notifications, except those earlier rescinded, shall be deemed to have been in force with effect from July 1, 2016 and shall continue to be in force till 30 June, 2018, if not earlier rescinded. Provided further that all notifications issued on or after 1st July 2016 shall continue to be in force till 30th June rescinded.

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Senate body approves 'The Right of Access to Info Bill, 2017'

NUZHAT NAZAR

ISLAMABAD: The Senate Standing Committee on Information, Broadcasting and National Heritage on Monday unanimously approved 'The Right of Access to Information Bill, 2017.'

The bill was referred by the House to the committee for its consideration. The National Assembly Committee on the Right of Access to Information had compared and discussed both the bills presented by the government and private member and found hardly any difference in the drafts, said Senator Farhatullah Babar adding that the special committee passed the bill after considering all the reservations given by the political parties.

Babar, while highlighting the importance of 'Journalists Welfare and Protection Bill, 2017' said that 112 journalists were martyred during the last 10 years and sadly only two cases were reported and pursued wherein some action was taken against the criminals.

Chairman Committee Senator Kamil Ali Agha directed the Ministry of Information to come up with the bill with respect to journalists' protection and gave 15 days to draft the bill, adding that otherwise a standing committee will be constituted for the said purpose.

Secretary Information Ahmed Nawaz Sukhera said that the Prime Minister has written letter regarding the draft to Chairman Senate, Speaker National Assembly and standing committees. The ministry has taken on board APNS, CPNE, and PBA as well.

The senators while raising objection said that the owners of channels and newspapers are not the stakeholders and the bill is for the protection of journalist, adding that sometimes it is the protection from the owners.

The secretary information said that the ministry is in contact with journalist community and the draft includes the suggestions made by the PFUJ, field works and PIPS.

Babar suggested insurance of journalists, special protection measures to the journalists and declaration of protection for not only for journalist but also for the source.

He said that the bill should include the appointment of public prosecutor and the journalists be given security, where protection is required from terrorism including compliance with international agreements.

The committee also directed the ministry to look after the Ramazan transmission and not to use religious affairs for commercial purposes.

The secretary information said that the ministry as well as Pakistan Electronic Media Regulatory Authority (PEMRA) is working vigilantly under the directions of the High Court and the channels have been issued guidelines as well.

He said on the first day of Ramazan, the PEMRA issued three show cause notices to the channels.

Senator Mushahid Ullah Khan said that the channels get money to manipulate Ramazan and other religious activities.

Senator Nehal Hashmi said that Rs 80 million were given to a channel to show a programme in prime time with a purpose to manipulate the essence of Ramazan. He expressed suspicion how religious programmes are being sponsored by the Jewish companies.

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Opposition describes finance bill as jugglery of words

ZULFIQAR AHMAD

ISLAMABAD: The Senate initiated a debate on Finance Bill 2017 on Monday with opposition lawmakers terming it a jugglery of words, saying it has no relief for the poor and continued exposing the much talked about economic reforms of the incumbent regime in its last budget.

Initiating the debate, Senator Salim Mandviwalla of Pakistan Peoples Party Parliamentarians (PPPP) questioned the facts and figures mentioned in the budget and the Economic Survey.

He alleged the government looked only for point-scoring at the cost of credibility. He was sceptical of the government's claim of 5.3 GDP growth this year.

Mandviwalla claimed the budget had nothing for lifting education sector with over 20 million kids out of school, while Rs 20 billion had been allocated for laptop scheme.

He contended that the government failed to devise a strategy to arrest the continuous alarming slide of exports and fall in remittances from overseas Pakistanis and that the number of Pakistanis going abroad for job and work has also come down.

He questioned the government's claim of making Pakistan an Asian Tiger with 20 million plus children out of school while five years back, exports were worth $ 25 billion, which had come down to $ 20 billion. At the same time, exports by Bangladesh and Vietnam had been doubled during these years.

He opposed the increase in capital gain tax and said that the government had promised that the super tax would be for just one year, but it was being collected for the third consecutive year.

Senator Pakistan Tehreek-e-Insaf (PTI) Noman Wazir Khattak said that his party is ready to sign charter of economy with the government 'any time, anywhere, any place', as there should be no politics on economy at all.

Taking part in budget debate in Senate, he said that poverty is to be eradicated in the country and the Planning Commission of Pakistan has to play a lead role. "Come and sit with us on June 12, and we are ready for charter of economy," he added.

He said that institutions like railways and Pakistan Steel Mills should be privatised. About the broadening of tax net, he said that all the data of the rich is available with National Database and Registration Authority (NADRA), and the only problem is that the government has no intention to bring the rich in the tax net.

He severely criticised Federal Board of Revenue (FBR) and Haroon Akhtar Khan, Special Assistant to the Prime Minister on Revenue, for ignoring pre-budget proposals floated by private sector about broadening the tax net.

He said that Khyber Pakhtunkhwa is the only province where the government can produce cheapest hydel power but it is bent upon making investment in coal power projects which is ten times expensive.

About China-Pakistan Economic Corridor (CPEC), he said that the government has given 3000 acres of land in Gwadar to China for establishing an export processing zone (EPZ) which will be disastrous for the local industry and there will be influx of Chinese products in the market.

Sajjad Toori, a senator from Federally Administered Tribal Areas (FATA), demanded that the tribal areas should be handed over to the military as it is at least more paying attention to the uplift of the area then a democratically elected government.

"There is nothing for FATA in this budget. The FATA reforms which took some

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two years in finalisation are hanging in the balance. The backwardness of tribal areas is still there despite having a democratically elected government in the centre, so we want to hand over FATA to the military," he added.

Senator Azam Khan Swati of PTI said that there is nothing for social sector reform in the budget as 63 per cent of the budget will be spent on infrastructure. He said, "Unless we give priority to human development and spend more money on education, we will not be able to overcome poverty."

He said that the economic managers of the country have no idea what the major issues are which need to be resolved on war footing, adding the Khyber Pakhtunkhwa is the only province where there is huge potential for making investment in hydel sector.

"But the people who control our economy are focusing on more expensive power projects and that is the reason they have failed to overcome the power crisis. Again I would say this budget has badly exposed the government," he added.

He also regretted that the allocation made in the budget for education is the reason the youth of the country are exploited by militant organisations like ISIS. He alleged that the reason Saudi Arabia has struck billions of rupees arms deal with US is not to curb terrorism but to use them against another Muslim country belonging to different school of thought.

"This Saudi doctrine is followed here, and unless we spend on education sector, we will not be able to root out the menace of terrorism from the country, and it is unfortunate the government is paying no attention towards human development," he maintained.

PML-N's Chaudhry Tanvir Khan praised the budget and said the targets to be achieved by 2050 have been achieved in four years, adding if the present hardworking and sincere team continues working, the model of Pakistan's progress and prosperity would be taught in other countries. He supported the government on what he called ending unproductive subsidies and needless inductions in government departments. He claimed the government has equally treated all the four provinces and brought peace in Balochistan and Khyber Pakthunkhwa.

Earlier in the morning, Finance Minister Muhammad Ishaq Dar rushed to the Senate after opposition strongly objected to what they alleged the government's non-seriousness towards Senate, referring to presence of low-grade ministry officials in the gallery to take notes.

Raza Rabbani suspended the proceedings for 30 minutes. Rabbani also expressed concern over inadequate representation from the ministry.

The opposition senators proposed that the sitting be adjourned till next day with a warning to the government that adequate representation of the concerned officials be ensured during budget speeches.

They pointed out that House is going to debate the Finance Bill but finance minister, finance secretary and any additional secretary are not present to listen to the MPs' speeches.

After the House resumed following the suspension, Dar assured the senators that the government gives due importance to the Senate and last year also, some 80 recommendations of the House were accommodated in the budget.

He said due to ailment, his ministry's joint secretary could not lead his team in the gallery that day and he also could not timely inform about his non-availability. He added the additional secretary is on his way to be present in the gallery.

Regarding concerns of ANP Senator Ilyas Bilour and some other members, he said that allocations from the gross divisible pool of the provinces for FATA, AJK and Gilgit-Baltistan would not affect their (provinces') share.

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Technology-driven products or services

Profits of resident individuals, AOPs to be exempted from taxes

RECORDER REPORT

ISLAMABAD: The profits of resident individuals, Association of Persons (AOPs) or companies engaged in technology-driven products or services falling under the category of 'Startup Business' would be exempted from taxes including withholding tax.

Explaining Finance Bill 2017, a tax expert said that under Finance Bill 2017, "startup" means a business of resident individual, AOP or a company incorporated or registered in Pakistan on or after July 1, 2012 and the person is engaged in or intends to offer technology-driven products or services to any sector of the economy provided that the person is registered with and duly certified by the Pakistan Software Export Board (PESB) and having turnover of less than Rs 100 million in each of the last five tax years.

The government has introduced concept of 'Startup Business' for persons (being a resident individual, Association of Persons or Company having annual turnover of less than Rs 100 million in last five tax years) engaged in 'technology-driven products or services certified by Pakistan Software Export Board (PSEB)'.

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THE RUPEE
Rising trend

RECORDER REPORT

KARACHI: An upward trend was witnessed on the money market on Monday as the rupee gained modestly versus the dollar in the process of trading, dealers said.

OPEN MARKET RATES: The rupee rose by 10 paisas in terms of the dollar for buying and selling at Rs 105.80 and Rs 106.00 respectively, while it did not move any side versus the euro for buying and selling at Rs 118.00 and 119.50, they said.

In the first Asian trade, the dollar edged higher against a basket of currencies on Monday, moving away from last week's 6-1/2-month lows and shrugging off news of North Korea's latest missile test as investor attention turned to the Federal Reserve's expected interest rate hike next month.

The dollar index, which tracks the US currency against a basket of six major rivals, inched up 0.1 percent to 97.502, holding well above last week's nadir of 96.797, its lowest since Nov 9.

San Francisco Federal Reserve President John Williams said in Singapore on Monday that medium-term trends in US inflation remained "pretty favourable," despite some recent soft consumer price data.

The US economy was at or near the Federal Reserve's goals of full employment and stable prices, Williams said, adding that the US central bank wanted to ensure markets stayed calm as the Fed slowly returned interest-rate policy to normal.

Data on Friday indicated the US economy was modestly expanding, which might allow the Fed to raise interest rates further and to begin paring its $4.5 trillion balance sheet.

The dollar was trading against the Indian rupee at Rs 64.570 and the greenback was at 4.267 versus the Malaysian ringgit.

Inter bank buy/sell rates for the taka against the dollar on Monday: 80.53-80.55 (previous 80.53-80.55).

Open Bid	Rs. 105.80
Open Offer	Rs. 106.00

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

RUPEE IN LAHORE: The Pakistani rupee stayed unchanged on buying side while it depreciated marginally on selling side against the US dollar in the local currency market on Monday.

The trading of the US dollar resumed on its last closing trend of Rs 105.80 and Rs 106.10 as its buying and selling rates, respectively. At the close, no change in its value took place on buying counter as it maintained its opening rate of Rs 105.80.

However, it appreciated by five-paisa on selling counter and ended at Rs 106.15, currency dealers said.

Furthermore, the national currency showed mixed patterns as it moved both ways versus the pound sterling. The British currency was bought and sold at Rs 134.80 and Rs 135.50 against Saturdays' closing rates of Rs 134.70 and Rs 135.70 respectively, they added.

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

The dollar opened at Rs 105.90 (buying) and Rs 106 (selling) against last rate of Rs 106.05 (buying) and Rs 106.15. It closed at Rs 105.90 (buying) and Rs 106 (selling).

Pound Sterling opened at Rs 135 (buying) and Rs 135.50 (selling). It closed at the same rate.

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CPEC

Tax experts question exemption to COPHCL for imports

HAMID WALEED

LAHORE: Tax experts have questioned an exemption to the China Overseas Ports Holding Company Limited (COPHCL) in budget for vehicles and other goods imported for the CPEC projects.

They said no such blanket permission has been granted to local companies working on CPEC projects.

According to them, granting of exemptions to the neighbouring economies is very rare and it should be subject to the scrutiny of Parliament.

The rules of business provide that a notification relating to tax matters, will be laid before the parliament after issuance.

They have also raised eyebrows over making this exemption as part of law instead of considering the facility on case to case basis.

It is in direct conflict and in defiance of the judgment by the Supreme Court whereby the prime minister is bound to seek approval of the Cabinet before announcing any remission of taxes.

Tax experts have also pointed out that there was no need of creating new directorates in the Federal Boar of Revenue (FBR), as the FBR yearly book 2015-16 reveals that more than 90 percent of taxes are collected through deduction at source.

Furthermore, they said what change could bring the new directorate of tax broadening if already 40 plus filed organizations have failed to produce desired results.

Tax experts have also questioned the amendment made to the tax law that restraining order would be granted if the taxpayer deposits 25 percent of the impugned amount. Business community and their legal advisors generally complaint that the FBR prepares cases on flimsy grounds.

Furthermore, they said, the deposited 25 percent amount would remain in the custody of the FBR as in case of a reverse judgment the matter would be referred to the appellate court, followed by the superior judiciary.

Is this a prudent way of nurturing a tax-compliant behaviour, they wondered.

On the General Sales Tax VAT mode, they said, the tax is paid after taking input tax credit adjustment and the net tax payment on weighted average turn out should be three to four percent.

Strangely, the government has proposed 6 percent tax on the locally made fabric sold on the retail outlet. If the manufacturing is being taxed on weighted average of 3–4 percent, how a retailer can be forced to pay tax at 6 percent, wonders another tax expert.

This step would discourage people from innovating new brands to capture markets.

Another mind boggling step, they said, is levying of 2 percent tax on the retailers dealing with assorted commodities. It may be noted that retailers have a very marginal profit as the main taxes are already paid by the manufacturers. The retailers have strangely been denied even the adjustment which they have already paid to the manufacturers. All such steps would keep the retail sector out of the tax net, they apprehended.

According to these circles, imposition of 2 percent extra tax on the seller selling to the unregistered buyer. It may be recalled that this tax was also introduced in the financial year 2016-17 but later on struck down by the superior judiciary on the ground that a seller cannot responsible for the legal obligations of the buyers.

The FBR has now amended the law and made seller responsible for the buyer as well in 2017-18 budget. This step would result into the

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emergence of fictitious buyers, as happened in 2003, who would obtain registration with zero business activity, they added.

They said the FBR has also not shared the data as to how much collection is likely to be made through further tax and how many would be brought into the net through this measure.

On the point of stuck up sales tax refunds, they said section 10 of sales tax act provides for paying the sales tax within 45 days and ERS/STGO 2009 provides for making the payment in seven working days. But the finance minister very conveniently stated that refund payment order pertaining to financial year 2014-15, 2015-16 and 2016-17 will be issued in July and August, 2017. On the one hand, the finance minister hopes to achieve 12 percent export to GDP ratio while deferring payment of refunds on the other hand every now and then. How the exporters would even endeavour to achieve such a growth when refunds are not paid in time.

They have termed the present budget a continuation of routine business, which discourages any innovative sophistication in the economy.

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Budget a 'lost' opportunity to streamline economy: Pakistan Business Council

RECORDER REPORT

KARACHI: Pakistan Business Council (PBC) has called the proposed fiscal budget 2017-18 a 'lost' opportunity to streamline the national economy, saying that the government's move for fundamental reforms failed to meet the businessmen expectations.

Reacting to the budget, the PBC, however, appreciated the government for scaling back taxes on smartphone and cellular usage, saying that the move will help close the digital divide but the PBC asked the Centre to increase cutting the duties.

"With elections around the corner, expectation of fundamental reforms in the final budget of this government was low. Aside from a few positive changes for which are grateful, the budget speech lived up to this low expectation! An opportunity was therefore lost to put the economy and business on a sustainable growth trajectory," the council said.

It showed dissatisfaction over the government policies that failed to help generate more jobs, promote value-added exports and encourage import substitution. It also felt that the government lacked a strong political will to devise brave economic policies, especially to help taxation system grow.

Pakistan Business Council has developed an eight-point agenda to help build a national consensus on the economy. "The Finance Minister in his post budget news conference expressed the need for one. The cornerstone of PBC's agenda is to promote jobs, exports and tax revenue by strengthening domestic manufacturing and developing the Information and Communications Technology (ICT) sector," it said.

It termed the high taxation one of the "inhibiting" factors to the country's low broadband penetration. "The move to lower the taxes on smartphone instruments and cellular usage, though symbolic, is in the right direction and one which needs to be augmented to close the digital divide". It said that a three-year tax holiday for start-ups will also nurture this sector.

It said that domestic industry has been undermined in the last decade by a combination of poorly negotiated free trade agreements, liberal import policy, shortage and cost of energy, misuse of the Afghan transit treaty, smuggling, under-invoicing and tax evasion. The net result is that jobs have been off-shored, mainly to China, whilst we focus primarily on export of commodities instead of adding value (and jobs) locally.

It said that domestic industry, in a country of 200 million, should gain scale and become competitive, both in exports as well as import substitution. However, the aforementioned factors have denied the opportunity to build scale with the result that the share of manufacturing in GDP has declined sharply, it added.

"Yet manufacturing at 13 per cent of GDP carries 52 per cent of the tax burden. Unemployment is up, Pakistan's share of world exports down, external account under pressure and the tax/GDP ratio well short of what is required to invest adequately in social development. Poor health, including stunting and education is thus impeding the quality of human capital," the PBC said.

The council cited its conceptual recommendations for the budget to focus on promoting investment (jobs and exports), broadening the tax base and curbing FBR's powers which lead to harassment of taxpayers and discourages non-filers to enter the "tax-net".

An essential element of promoting scale and competitiveness is by encouraging capital formation, accumulation and consolidation. These have to be supplemented by

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measures to widen and promote public participation in listed companies.

"Super Tax, tax on bonus shares and retained reserves act as penalties for success rather than as an encouragement for investment, regretfully, Super Tax now enters its third year, resulting in an aggregate tax rate of 40 per cent (with WWF and WPPF) - twice the average tax rate in Asia", it added.

It said that retained reserves will continue to be taxed, albeit, on a different basis, impeding capital accumulation and thus investment. The PBC had also recommended the restoration of the Finance Act 2007 regime for taxation of groups, including the withdrawal of cascading taxes on inter-company dividends.

"These are essential to promote the emergence of strong Pakistani groups on the global markets. Unfortunately, the budget failed to address this. Increase in the minimum turnover tax and retention of the ACT regime will continue to dampen investor confidence," it said.

It said that a welcome move is the extension of tax relief for newly listed companies. However, the so-called "simplification" of Capital Gains Tax on listed company shares is another way of burdening shareholders with higher tax. By removing the link between the tax rate and the period of holding, the move reduces the incentive to hold shares for a longer term, thus adding to stock market volatility.

"Investors in Asia's best performing stock exchange will now be subject to 50 per cent higher tax on dividends than two years ago. Instead of indexing the tax on dividends with progressive economies such as Singapore where tax is zero per cent, the rationale cited to increase it to 15 per cent is to bring it in line those countries that have a similar level! Dividends are paid from taxed income of companies. Many jurisdictions abroad, therefore, do not levy additional tax on dividends", it said.

The PBC had recommended the withdrawal of the "full and final" tax regime for commercial importers, replacing it instead with a minimum tax to level the playing field between the formal and the informal sector. This was to prevent under-invoiced imports from being sold without further accountability, which the filing and review of a tax return brings.

"Not incorporating this into the budget is a missed opportunity. PBC had also recommended augmenting the incentive to deal with the formal sector with penalties for not doing so. We were surprised therefore to see the incentive withdrawn and no penalties instituted. These are relatively easy measures to broaden the tax base. PBC had also recommended a tax regime to encourage formalization of real estate through Real Estate Investment Trusts. This too was not reflected in the speech," it said.

Other measures recommended by PBC such as the separation of tax policy making from collection of tax and curbing FBR's discretionary power which lead to harassment are of course part of longer term reforms. The FM could have left a good legacy by signalling these in his speech. Exempting salaried employees from audit, stopping the practice of demanding payment of tax in advance of due dates, changing the FBR KPI to tax collected from new tax payers as opposed to existing payers, redefining the tax deficit measure to exclude taxes recovered in advance as also tax refunds pending are simple changes but ones that would lead to the right behavior. Again the FM could have set the direction.

PBC had also recommended allowing companies to retain and deploy the leftover amount after distribution of the Workers Profit Participation Fund (WPPF) & the Workers Welfare Fund (WWF) contribution to promote health, hygiene, education, vocational training, water purification and recycling, closer to where their workers reside. Whilst this was not reflected, on an encouraging note, the reduction in import duty on premixes designed to prevent stunting of children is recognition of this acute problem.

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Granted that the election cycle left relatively little fiscal space, however, the final budget was an important opportunity to signal fundamental reforms to inspire greater investor confidence. This is a budget that suggests “business as usual” when jobs, exports and tax revenues are anything but that. There therefore remains substantial room in PBC’s scorecard for tax reforms.

PBC's SCORECARD

==

PBC's Conceptual Recommendations

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A. Promote investment via capital formation and boost competitiveness through scale

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1. Withdraw Super Tax	X
2. Withdraw tax on bonus shares	X
3. Withdraw tax on retained reserves	X
4. Restore FA 2007 basis for taxation of groups	X
5. Withdraw cascading tax on inter-corporate dividends	X
6. ACT negates objective of IAs to incentivize investment. Should be withdrawn	X
7. No company should be taxed at rates higher than individuals/AOPs	X
8. Import tariff should encourage local manufacturing	Some
9. Advance tax ruling should be available to all, not just foreign investors	X

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B. Level the playing field with the informal sector

----

1. Withdraw "full and final tax" regime for commercial importers X

2. Make WHT a real penalty rather than a revenue raising tool Some

3. Reform taxes to promote documentation of real estate via REITS X

4. Enhance incentives to deal with the formal sector. Penalize transactions with the in X

5. Tax foreign remittances above a reasonable threshold X

6. Withdraw bearer prize bonds X

7. Harmonize min. tax on corporates engaged in manufacturing and services. X

   Retain higher min. tax on non-corporates engaged in services.

C. Harmonize interprovincial and federal/provincial taxation

----

1. Allow full offset of provincial input tax against federal output tax irrespective of MT?

2. Resolve jurisdictional issues on sales tax MT

3. Simplify multiplicity of taxes/interfaces by unifying/digitizing MT

4. Where provinces have levied GST on services, FED needs to be withdrawn X

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D. Curb FBR's powers that lead to harassment and discourage widening of the tax base

----

1. Separate tax collection from policy formulation	MT
2. Make tax collected from new payers the primary KPI for FBR	X
3. Exclude refunds due & advance tax from "Tax Collected"/Deficit measures	X
4. Stop seeking payment of tax in advance, thus creating a "Circular Tax Debt"	

Note: MT stands for Medium Term

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Cotton prices firm on lacklustre business

RECORDER REPORT

KARACHI: Prices firm amid lacklustre business on the cotton market on Monday, dealers said.

The official spot rate was unchanged at Rs 6850, they said. In the ready session, no business activity reported till our going to the Press, they said.

According to the market sources, little stock of unsold cotton with the ginners, propelled them to raise asking prices, but some leading mills and spinners were not interested in new deals mainly because of quality factor.

Cotton analysts, Naseem Usman said that more or less the ginners have 100,000 bales of unsold stock, so that they suppose to earn profit, but the mills and spinners were not ready to oblige them. He said that trend in the local market was bearish in the absence of fresh leads. The US and China markets were closed due to holiday, he said. The textile sector is not satisfied as the government failed to announce any incentive or relief package for them, he added.

The partial arrivals of new crop are expected till June 15, till then buyers would have to wait for fine quality, other experts 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 27.05.2017**	**Difference Ex-Karachi in Rupees**
37.324 Kgs Equivalent	6,850	135	**6,985**	**6,985**	NIL
40 Kgs	7,341	145	**7,486**	**7,486**	NIL

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Post-budget press conference

Pakistani finance ministers enjoy three days of unbridled publicity – the day before the budget when the Economic Survey for the year (essentially with data for nine months July-March) is announced, the budget speech delivered in parliament followed by the finance minister's appearance later the same day on select television channels and the day after with the entire media invited to the post-budget presser. The Economic Survey highlights the achievements of the federal government and, over the past four years, has been increasingly challenged by the independent economists because of (i) the failure of the Pakistan Bureau of Statistics, under the administrative control of the Ministry of Finance, to rationalize data released from other government departments as well as credible industry sources; and (ii) projections for the last three months are invariably over-optimistic to show targets achieved in terms of sectoral as well as budgetary targets; hence its usefulness is severely limited. The budget document relies on the Survey to take policy decisions and the less accurate the Survey's data the more flawed these policies are likely to be. And the post-budget press conference provides yet another forum for the finance minister to declare that the policies are not only informed but are pro-poor and appropriate.

The three days dedicated to the finance minister ended on Saturday with the post-budget press conference during which Dar stated that bonds worth a billion dollars would be issued to overseas Pakistanis; this amount is equivalent to 0.5 percent of the 200 billion dollar accounts held by Pakistanis in Swiss banks or one-third of the annual capital flight (estimated at between three to four billion dollars each year to Dubai largely for property purchase during the past four years). Be that as it may, with historically low global interest rates sukuk at the rate of 5.5 percent would be attractive - the rate of the last sukuk issue that provided a comfort level to Dar when contrasted with the 8.5 percent on ten-year Eurobonds and 7.5 percent on 5-year Eurobonds. However, for the general public this should be a source of concern as these bonds reflect debt equity and not equity as claimed by the Finance Ministry.

Responding to those who routinely express concern at his penchant for raising the country's indebtedness to ever new highs, Dar claimed that debt servicing from 53 percent of the total budget had declined to 31 percent this year. However, what he failed to mention was the constant use of the word 'revaluation' with respect to foreign indebtedness which implies an overvalued rupee (overvalued vis-a-vis all major currencies) cosmetically reduced debt service payments but, at the same time, dampened exports leading to a widening current account deficit prompting the government to increase its indebtedness. With respect to domestic borrowing Dar recently reduced the rate of returns on products offered by the National Savings Centre Directorate that caters to the pensioners, the poor and vulnerable and the middle classes, thereby reducing domestic debt liabilities. And this element may well account for the decline in the domestic savings rate which necessitates ever rising borrowing to fund domestic investment.

Dar also reiterated his stance on a charter of economy urging all political parties, particularly those that may be in a position to form the next government, to abandon politicking on the economy and form a consensus on the way forward. No doubt a consensus on overarching objectives across the political divide exists even today: infrastructure development, energy and food sufficiency, water storage facilities, education and health for all and clean drinking water. However, Dar must surely be aware of the numerous economic theories that lead to the achievement of these very same objectives; and this is where there is no agreement, and cannot be within different political parties, as to what path to

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follow to reach the common objectives. Dar for example would hopefully have no takers for his expensive borrowing from the commercial banking sector abroad, his bonds issued at well above the market rates, an overvalued rupee or indeed the PML-N's expenditure priorities.

Finally, Dar announced that the Pakistan Development Fund (where the 1.5 billion dollar Saudi gift was parked three years ago) would be finally activated and used for public sector projects with the condition that the money is not used for sick or unviable projects. He did not mention why this fund has not yet been activated and nor did he specify as to why there would be a chance for the money to be channeled into a project whose feasibility report shows unviable internal and economic rate of return.

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Bloated revenue projections

Dr Hafiz A Pasha

The Federal Budget for 2017-18 has been presented. There is potentially some good news in terms of the proposed degree of fiscal stabilization. Apparently, the year 2016-17 will end with a consolidated (Federal plus Provincial) deficit of 4.2% of the GDP. While this is somewhat higher than the target of 3.8% of the GDP for the year, it still represents the lowest fiscal deficit in the first four years of the PML(N) Government.

For 2017-18, the Budget presented envisages some minor reduction to 4.1% of the GDP. This is the election year. Historically, prior to the last two elections in 2008 and 2013, the last year of the incumbent Government had led to large fiscal deficits of above 6% of the GDP.

The truly remarkable achievement during the current fiscal year will be the proposed containment of the fiscal deficit in the last quarter, April to June. Already, in the first nine months the deficit had reached 3.9% of the GDP, and exceeded the annual deficit target. It is expected that in the last quarter, the fiscal deficit will be restricted to only 0.3% of the GDP, such that the annual deficit is 4.2% of the GDP.

This projected exceptional effort in limiting the fiscal deficit in the fourth quarter should be seen in relation to the deficit in the corresponding quarter of the first three years of the present government. It was 2.3% of the GDP in the 2013-14, 1.7% of the GDP in 2014-15 and 1.2% of the GDP in 2015-16.

Two questions arise at this stage: How is the big deficit reduction in the last quarter of 2016-17 to be achieved? Is the target of 4.1% of the GDP for 2017-18 feasible? The answers to these questions will depend upon the extent to which revenues show fast growth, the degree of containment in current expenditure and the size of the jump in development spending.

This article is the first in a three part series of articles on the fiscal outcome in 2016-17 and the projections for 2017-18. It focuses on federal tax and non-tax revenues. The second part will evaluate expenditure, both current and development, projections. The third and last part will deal with the likely level of fiscal deficit, its financing and potential macroeconomic implications.

Revenue Projection for 2016-17

FBR Revenues

The first nine months of 2016-17 were disappointing. Both FBR and non-tax revenues floundered. The former showed growth of 7% in relation to the target growth rate of 17%, agreed with the IMF in the twelfth and final review. Consequently, there was already a shortfall of Rs 195 billion.

The Ministry of Finance has followed the strategy of drastically raising expected level of revenues from FBR in the last quarter of 2016-17. This helps in achieving two key objectives. First, it reduces the annual shortfall for 2016-17. Second, it enhances the base of revenues for setting of targets for 2016-17, in the budget documents of 2017-18.

FBR has been asked to show a growth rate of 26% in revenues from April to June 2017, in relation to the level achieved in the last quarter of 2015-16. In effect, over 35% of the annual revenues will be generated in the last quarter. This will be a truly extraordinary achievement, as it is almost four times the growth rate shown in the first three quarters. It is also much higher than the targeted growth rate for the quarter of 16%, set following the IMF review.

This scaling up in the expected growth rate in the last quarter is unprecedented. If, in fact, FBR achieves the last quarter target for 2016-17, then there is definitely a very strong case for giving a large performance bonus to the employees of FBR.

Based on estimated FBR

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revenues in 2016-17 of Rs 3521 billion, the target for 2017-18 of Rs 4013 billion is modest and feasible. It will necessitate a growth rate of 14%. With the nominal GDP projected to grow by, more or less, at the same rate the Government is expecting no change in the FBR tax-to-GDP ratio in 2017-18. This also implies that the revenue impact of the proposals presented in the budget of 2017-18 is small. However, the bottom line is that the projected level of FBR revenues hinges crucially on achieving a growth rate of 26% in the last quarter of 2016-17.

The danger is that in an effort to get close to this extremely ambitious target, FBR may engage in some undesirable practices. This could include further delays in payment of outstanding refunds and rebates, more collection of taxes in advance, arbitrary assessments and greater harassment of taxpayers. This must be avoided.

The targets for other tax revenues, including the petroleum and gas levies, look achievable in 2016-17 and 2017-18.

Non-Tax Revenues

There was a precipitous fall in Federal non-tax revenues in the first nine months of 2016-17 of almost 9%. The shortfall in relation to the target was massive at Rs 191 billion. What explains this unprecedented shortfall in relation to the target? First, only 37% of the expected revenues from the Coalition Support Fund (CSF) have been received. Second, profits of the SBP declined due to lower interest rates and dividend income, especially from PSEs, also fell sharply.

It is truly amazing that an unbelievably strong recovery is expected in the last quarter of 2016-17. The anticipated growth in non-tax revenues in the fourth quarter is as much as 98%. If this happens then over 55% of the annual revenues are expected in the fourth quarter. Not only will there be full recovery of the earlier shortfall, but the annual target of Rs 874 billion for 2016-17 will be exceeded by 38 billion.

The biggest jump is expected in the on-going quarter in mark-up payments by PSEs and Provincial Governments of 102%, followed by increases in SBP profits of 83% and receipts of dividends of 65%. Also, there is a mysterious inflow of Rs 100 billion expected from other sources. Clearly, unless there is manna from heaven these growth rates are beyond the realm of possibilities.

The more likely outcome is that the annual revenue from non-tax sources will, at best, reach a level attained last year of Rs 703 billion. This implies a large shortfall in relation to budgeted receipts for 2016-17 of Rs 171 billion. On top of this the base magnitude for projections to 2017-18 will be substantially smaller. As such, the target for the next year of Rs 979 billion is far too ambitious. It is also based on an inflow of Rs 142 billion from the CSF, which is very unlikely. The overall shortfall next year could exceed Rs 200 billion.

Overall, the effort by the MOF to jack up projected revenues in the last quarter of the current fiscal year is very likely to be a failed strategy. How could extremely high growth rate targets of 26% and 97% respectively been set for FBR revenues and non-tax revenues in the last quarter of 2016-17? This will be a failed attempt not only to come closer to achieving the revenue target for 2016-17, but also to facilitate the setting of higher revenue targets for 2017-18. As such, the bloating of revenue projections should be avoided.

The consequence is that due to a lack of realization of the revised estimates for 2016-17 the fiscal deficit due to this factor alone will raise the projected deficit in 2016-17 from 4.2% to 5.2% of the GDP. It will also imply that the targeted fiscal deficit in 2017-18 will rise by a similar magnitude to almost 5% of the GDP, due primarily to a big shortfall in non-tax revenues.(The writer is Professor Emeritus and former Federal Minister)

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Faisalabad yarn and fibre prices

RECORDER **REPORT**

FAISALABAD: Cotton yarn rates in rupees per 10 Lbs on Monday (May 29, 2017).

6-8/S Cone (Cotton)

ARY 470.00

Sher 400.00

Nelibar 660.00

Al-Falah 540.00

Chagi 400.00

Shaheen 400.00

Nelum 400.00

10/S Cone (Cotton)

Sufi 650.00

Model Soft 650.00

Adil 490.00

Neilum 530.00

Nelibar 690.00

Owais Karni 490.00

Gold Star 680.00

Urooj 680.00

Shaheen 650.00

Al-Falah 490.00

Zam Zam 470.00

A.T.M 510.00

Sun flower 490.00

Apple Soft 640.00

Apple Hard 620.00

Ton-Ton 620.00

10/S Cone (Soft)

Es Guard 960.00

S.B. 840.00

Nelibar 850.00

Kinoo 900.00

Malta 970.00

Ayesha 820.00

12-14/S Cone (Cotton)

Model 690.00

Qadri 640.00

Adil 670.00

16-18/S Cone (Cotton)

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Nova 700.00

Chagi 690.00

Adil 690.00

Model 740.00

Neeli Bar 1060.00

Super Motia 770.00

Prince 690.00

Prince W 1060.00

Acro 960.00

Apple 820.00

Malta 910.00

Golden Eagle 840.00

20/S Cone (Cotton)

Zahidjee 1250.00

Anmool 1210.00

J.K. 1240.00

Khalid Shafiq 1040.00

Acro 1040.00

Darulsalam 1200.00

Ravi 1030.00

Hadabia 1230.00

22/S Cone (Cotton Warp)

Crescent 1270.00

Yahya 1250.00

HAR 1280.00

Tayyab 1220.00

Polo 1220.00

Ulfat 1240.00

24/S Cone (Cotton Warp)

Polo 1320.00

Prince 1280.00

Acro 1250.00

H.A.R. 1250.00

Silver Lines 1310.00

ATM 1300.00

Anmool 1330.00

30/S Cone (Cotton Warp)

Al Noor 1400.00

Crescent 1400.00

Acro 1390.00

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Glamour 1300.00

Arain 1380.00

J.K. 1375.00

Gulistan 1425.00

Ujalla 1365.00

Khalid Shafique 1425.00

Shafi 1380.00

Chakwal 1425.00

Anmool 1380.00

Ittehad 1380.00

Hadabiya 1420.00

32/S Cone (Cotton)

Ahmad 1415.00

Malikwal 1420.00

Chand 1420.00

J.K. 1475.00

Target 1450.00

Hadabiya 1430.00

A Three 1430.00

Araian 1420.00

Acro 1420.00

Nafees 1420.00

H.H. 1420.00

40/S Cone (Combed Cotton)

JK 1750.00

JK Carded 1550.00

Acro 1750.00

Nishat 1800.00

Betray 1700.00

Ittihad 1820.00

Al-Nasar 1810.00

Ejaz 1800.00

Nafees 1550.00

Nisar 1825.00

Three-G 1610.00

Suraj 1740.00

MKB 1580.00

Ramzan 1590.00

Ahmad 1610.00

Super Shaheen 1540.00

Darul Islam 1550.00

Four-G 1640.00

A. Three 1630.00

Azam 1540.00

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Wasal Kamal 1540.00

Super Gold 1560.00

Jubilee 1540.00

Babri 1560.00

Sally 1610.00

52/S Cone (Combed Cotton)

Crescent 2150.00

Ittihad 2175.00

Suraj 2300.00

Al-Nasar 2150.00

Tanveer 2175.00

Sultan 2025.00

Diamond 2000.00

Koiyal 2175.00

Malikwal 2000.00

Parado 1950.00

Four Star 2125.00

N.P. 2100.00

Prime Plus 1950.00

Saif 2100.00

Super Shaheen 1850.00

Nafees 1950.00

Habib 2075.00

Colony 1950.00

Umer auto 1750.00

Two-G 1900.00

60/S Cone (Combed Cotton)

Nishat 2275.00

J.K. 2250.00

Ittehad 2250.00

Mapal Leaf 2375.00

Koiyal 2575.00

Gujjar Khan 2450.00

Pagri 2375.00

Deen 2375.00

Alam 2350.00

72-74/S Cone (Cotton)

Prime 2425.00

Commander 2420.00

N.P. 2500.00

Tower 2525.00

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80/S Cone (Cotton)

Gold King 2650.00

Super King 2675.00

Mapel Leef 3000.00

Amjad 2800.00

Khan Buhadur 2750.00

Admiral 2850.00

Commander 2800.00

Four Star 3000.00

Rolex 3000.00

Diamond Gate 3000.00

Al Falah 3050.00

Chairman 2950.00

Battery 3050.00

Chairman 2950.00

30-31/S Cone (Polyester Cotton)

Gold Star 139.74

Sun 130.56

JK 109.00

Bilal 102.00

Tahir Rafique 105.00

Zahidjee 105.00

Bashir 113.00

Shadman 104.00

Sarfraz 104.00

Cherry 104.00

Khalid Nazir 104.00

Wasal Kamal 103.00

North Star 104.00

Super Khuwaja 105.00

Anaar 113.00

Action 95.00

Marjan 106.00

Pak Panther-ll 105.00

Nayab 108.00

Kiran 112.00

NP 108.00

Mehtabi 104.00

Club 108.00

K.K. 106.00

Ruby 109.00

Metro 97.00

38/S Cone (Polyester Cotton)

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Gold Star 150.96

Shahpur 136.96

North Star 135.00

A.D. 113.00

Multan 115.00

Golden 110.00

Kirshma 112.00

Al-Azhar 136.00

Sarhad 113.00

Aslam 107.00

Corolla 110.00

Royal 106.00

Chairman (N) 110.00

40/S Cone (Polyester Cotton)

A.A. 161.16

Mehtabi 135.00

Shadab 138.00

Marjan 131.00

40/S Cone (AV)

Koiyal 175.00

Super LG 158.00

A.J. 173.00

Ahmad Fine 164.00

Asheana 204.00

40/2 Cone (AV)

Koiyal 189.00

Super LG 181.00

A.J. 183.00

Ahmad Fine 178.00

30/S Cone (CVC)

Ayesha 126.00

SUN 134.65

Kamal 126.00

26/S Cone (PV)

AA 120.36

Ashiana 119.34

MM 94.00

Blue Star 96.00

Super Jett 98.00

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Shuttle 94.00

M-4 99.00

Bemisal 92.00

Ghouri 93.00

U-2 95.00

L.G. 104.00

U-7 88.00

Triple two 92.00

AJ Gold 95.00

Candle 94.00

Jaguar 95.00

34-36/S Cone (PV)

A.A. 142.80

Ashiana 141.78

Sapna 133.00

Blue Star 107.00

Super Jett 107.00

Shahzad-H 107.00

Shuttle 104.00

Bemisal 103.00

Shuttle less 107.00

Cheeta 100.00

Candle 105.00

Target 103.00

Dewan 104.00

Royal 98.00

Spin Cott 105.00

H.R. 104.00

S.S. 115.00

Tanveer 110.00

44-46/S Cone (PV)

A.A. 171.36

Ashiana 170.34

Sapna 150.00

Super Jet 121.00

Bemisal 121.00

Marghala 121.00

U-2 120.00

Cheeta 120.00

Target 120.00

S.S. 137.00

65/S Cone (PV)

Ashiana 222.36

U-2 176.00

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Bemisal 173.00

Ghori 176.00

Cheeta 176.00

A.J Gold 179.00

Tanveer 173.00

Maqbool 173.00

34/S Cone PP

Zamin 86.00

Shadman 100.00

Ellahi 105.00

Dewan 87.00

U-2 88.00

60/S Cone PP

Zamin 111.00

Anwar 109.00

Taj Mahal 108.00

36-38/S Cone (Staple)

Diamond Gate 1630.00

Marghala 1600.00

Saif 1610.00

Four Star 1630.00

A.J. 1610.00

Fazal Cloth 1600.00

L.G. 1590.00

Super Gold 1610.00

Azam 1620.00

Best 1590.00

K.P.K. 1600.00

Colony 1640.00

Martial 1620.00

30/S Cone (Ecrylic)

Koial 159.00

Saif 162.00

Combine 143.00

40/S Cone (Ecrylic)

Koial 171.00

Saif 170.00

Combine 153.00

Pagri 169.00

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Karachi Yarn Market Rate

RECORDER REPORT

KARACHI: Karachi Yarn Market Rates on Monday (May 29, 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 1200.00

United 1200.00

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

BUSINESS

RECORDER

Tuesday, 30th May, 2017

Shadman Cotton
1350.00

Diamond Int'l
1320.00

Popular Spinning
1300.00

Ishtiaq Textile
1320.00

Lucky Cotton
1320.00

A. A. Cotton Hosiery
1450.00

28/1

Abdullah Textile
1350.00

30/1.

Amin Tex.
1450.00

Al-Karam
1430.00

Jubilee Spinning
1350.00

GulAhmed (G.Lite)
1430.00

Lucky Cotton
1350.00

Diamond Intl
1400.00

A. A. Cotton Hosiery
1480.00

32/1

Abdullah Textile
1380.00

40/1

Lucky Cotton
1650.00

52/1

Lucky Cotton
1700.00

COMBED CONE

40/1

Indus CF
1740.00

20/2.

GulAhmed
1340.00

Amin 1350.00

Indus Dyeing
1360.00

Bajwa
1350.00

Shadman Cotton
1340.00

42/1

Abdullah Textile
1650.00

52/1

Abdullah Textile
1750.00

20/1. SLUB

Abdullah Textile
1300.00

30/1 SLUB

Abdullah Textile
1520.00

60/1.

Abdullah Textile
1750.00

70/1

Abdullah Textile
1850.00

BUSINESS
RECORDER
Tuesday, 30th May, 2017

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 DT 90.00

Imported 75/36/0 DTY 84.00

Local Mill 83.00

Rupali 75/128 INT DTY 100.00

Local Mill 115.00

Imported 75/72 INT DTY 83.00

Local Mill 105.00

Imported 75/144 INT DTY 83.00

Local Mill 110.00

Rupali 300/96/INT DTY 80.00

Imported 300/96/INT DTY 70.00

Local Mill 66.00

Rupali 300/96/0 DTY 74.00

Imported 300/96 DTY 69.00

Local Mill 63.00

Rupali 75/24 INT DTY 100.00

Imported75/36 INT DTY 96.00

Local Mill 85.00

Rupali 150/48/0 DTY 76.00

Imported 150/48/0 DTY 74.00

Local Mill 70.00

Rupali 150/48 INT DTY 81.00

Imported 150/48 INT DTY 74.00

Local Mill 73.00

Imported 150/144 SIM 75.00

Local Mill NIL

RATE OF BLANDED YARN IN RUPEES

BUSINESS
RECORDER
Tuesday, 30th May, 2017

(PER LBS)

P.V. CONES

18/1 PV

A.A. Textiles 106.00

20/1 PVB

A.A. Textile 109.00

A. A. Cotton 109.00

24/1 P.V. BRIGHT

A.A. Tex. 114.00

Sana 109.00

A. A. Cotton (80:20) 114.00

26/1.PV Bright

A.A. Tex. 119.00

Sana 111.00

30/1 PV

A.A. Tex."Z" Twist 125.00

Sana 120.00

A. A. Cotton 125.00

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

A.A. Textile 119.00

A. A. COTTON 128.00

36/1 PV (SD)

A.A. Textile 144.00

40/1. (PVB)

Sana 138.00

A. A. Cotton 145.00

A. A. Textile 145.00

46/1 PVSD

Ibrahim Fibre 169.00

28/1 PV SLUB

A.A. Clock Tower 148.00

30/1 PV SLUB

A. A. Cotton (PVB) 150.00

A. A. Cotton (PC) 155.00

A. A. Cotton SLUB (PP) 150.00

Sana SLUB (PP) 145.00

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

BUSINESS RECORDER

Tuesday, 30th May, 2017

40/1 PP
105.00

50/1 PP
122.00

20/1 PVT

Sana 118.00

30/1 PVT

Sana 128.00

10/1 PP

A. A. Cotton
93.00

12/1 PP

A. A. Cotton
98.00

16/1 PP

A. A. Cotton
103.00

20/1 PP

Sana 110.00

Diwan 98.00

A. A. Cotton
110.00

Agar 96.00

26/1 PP

A. A. Cotton
115.00

30/1 PP

Agar 101.00

Anwar 109.00

Sana 120.00

Diwan 103.00

A. A. Cotton
120.00

34/1. (PP)

A. A. Cotton
99.00

40/1 PP

A. A. Cotton
133.00

60/1. (P.P)

Agar 124.00

Diwan 125.00

Anwar 130.00

A. A. Cotton
146.00

8/.1.

A. A. Cotton (52 48)
95.00

10/.1.

Zainab 115.00

A. A. Cotton
95.00

Lucky Cotton
135.00

12/1

A. A. Cotton
100.00

14/1

Zainab Tex
118.00

A. A. Cotton
105.00

16/1

AA SML Carded (52 48)
114.00

IFL (52 48)
120.00

BUSINESS
RECORDER
Tuesday, 30th May, 2017

A. A. Cotton 105.00

P.C. COMBED

20/1. PC

A.A.SMLCARDED 123.00

Zainab (Combed) 123.00

A. A. Cotton (Carded) 112.00

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

24/1. PC

A. A. SML Carded 123.00

Zainab (Combed) 128.00

A. A. Cotton 109.00

25/1

A.A. Cotton 117.00

30/1. PC (52 : 48)

Zainab Textile (combed) 138.00

Stallion 100.00

K. Nazir 112.00

Al-Karam 112.00

AA SML (Carded) 131.00

A. A. Cotton (Carded) 122.00

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

36/1. PC

IFL Tex (Combed) 149.00

A. A. Cotton 140.00

40/1 PC

A.A. Textile (Combed) 159.00

45/1 PC

Zainab 172.00

10/1 CVC

A. A. Cotton (60:40) 100.00

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

BUSINESS

RECORDER

Tuesday, 30th May, 2017

A. A. Cotton 140.00

40/.1. VISCOSE

Sana 160.00

Sana Acrylic 160.00

READY RATES OF STAPLE

FIBER IN RUPEES

POLYESTER K.G.

I.C.I. 1.D 123.00

I.C.I. 1.2 (SD) 123.00

I.C.I. Bright 125.00

Rupali 1.D 123.00

Rupali 1.2 (SD) 123.00

Ibrahim Fiber (SD) 123.00

Ibrahim 1.D 123.00

Ibrahim Fiber Bright 125.00

Ibrahim Trilobal Bright 125.00

VISCOSE K.G.

FCFC 44 MM Taiwan 235.00

FCFC 51 MM Taiwan 235.00

Grysum India 235.00

Thai Reyon 51 MM 235.00

S.P.V. Ind. 51 MM Indones 235.00

ACRYLIC FIBER K.G.

Monty 1.2x51 Italy 205.00

Acelon Korea 1.2x51 205.

DAWN
Tuesday, 30th May, 2017

Senate starts debate on finance bill

APP

Senate on Monday started debating Finance Bill 2017, which mainly deals with the tax measures, under Article 73 of the Constitution.

Speaking on the floor of the Senate, Senator Chaudhry Tanveer Hussain said the PML-N has presented an "ideal and balanced budget" in parliament, and that the country was moving in the right direction due to economic policies of the current government.

He said several incentives have been announced in the proposed budget to give relief to the poor.

"It's the vision of the PML-N leadership that now people from neglected areas, including Balochistan, are satisfied with government policies," he said.

Mr Hussain said the China-Pakistan Economic Corridor has become an important project that would benefit all provinces.

A 10pc rise in salaries is insufficient, says Senator Mandviwalla

Participating in the debate, Senator Saleem Mandviwalla stressed the need to streamline the annual economic survey and make its figures accurate. Besides, additional steps should be taken to increase the credibility of the finance bill, he said.

He said that more incentives should be announced in the budget for the poor and people with low salaries, and more allocations should be made for health and education sectors.

The government, besides addressing the energy shortage, should also ensure that everyone gets clean drinking water, he said.

He said that a 10 per cent increase in salaries was insufficient and urged for sufficient increase in salaries of government employees. He said that mechanism of tax collection should be strengthened to collect more taxes to improve the economy.

Moreover, the government should pay more focus on remittances to generate foreign currency besides manpower, he said.

DAWN
Tuesday, 30th May, 2017

Cotton price steady on slow trading

The Newspaper's Staff Correspondent

MULTAN: Cotton trading on Monday remained lackluster due to the lack of buying interest from spinners who preferred to stay on the sidelines.

Cotton broker Syed Muddabir Shah said that with the start of holy month of Ramazan, the spinning mills are faced with load-shedding of 12 hours.

“The spinning mills which have no gas connections are badly affected due to load-shedding; most of these mills are from Punjab,” he said.

The spinning mills were now selling their imported as well as local cotton stocks, he said, adding that the arrival of cotton from the new crop has been started in Sindh and 400 maunds (1 maund — around 37 kilograms) were sold in Badin on Monday.

He said the new cotton season will probably start from June and a couple of ginning factories will become functional in Sindh.

People who have stocks of cotton from the last season were now getting a reasonable price of their product as the prices were between Rs6,000 to Rs6,200 when they made purchases compared to Rs6,800 to Rs7,000 at present, he said.

He said that an unsold stock of about 190,000 bales of old crop is available which will be cleared after the season starts.

Although the cotton sowing process in Sindh has been completed, it is still under way in Punjab and farmers from Bahawalpur, Rajanpur, Dera Ghazi Khan and Rahim Yar Khan are continuing the sowing.

The Karachi Cotton Association left its spot rates unchanged on Monday. Major deals on the ready counter were: 100 bales from Haroonabad at Rs7,200 per maund (credit on 60 days), 400 bales from Rahim Yar Khan at Rs6,925, and 200 bales from Vehari at Rs6,800.

DAWN
Tuesday, 30th May, 2017

MARKETS

FOREX

Exchange Rates for Currency Notes (Rs)

	Interbank market*		Open market**	
	Buying	Selling	Buying	Selling
USA	104.50	104.70	105.80	106.00
UK	134.68	134.94	135.60	137.10
Euro	117.03	117.26	118.00	119.50
S.Arabia	27.86	27.92	28.15	28.35
UAE	28.45	28.50	28.80	29.00
Japan	0.9364	0.9382	0.9435	0.9635

*forex.com.pk **ECAP

KIBOR

Karachi Interbank offered rates

	Bid	Offer
Three months	5.88	6.13
Six months	5.90	6.15
One year	5.95	6.45

LIBOR

Special US dollar bonds for May 26

Three months	1.20178 %
Six months	1.41378 %

THE NEWS
Tuesday, 30th May, 2017

'Aggregate corporate tax rate in Pakistan reaches Asia's highest'

KARACHI: Aggregate taxes on companies in Pakistan have reached 40 percent – highest in Asia – with super tax entering third year, a business advocacy platform said on Saturday.

"Regretfully, super tax now enters its third year, resulting in an aggregate tax rate of 40 percent (with WWF – workers welfare fund and WPPF – workers profit participation fund) - twice the average tax rate in Asia," the Pakistan Business Council (PBC) said in its post-budget analysis. "Super tax, tax on bonus shares and retained reserves act as penalties for success rather than as an encouragement for investment."

PBC, a business policy advocacy platform representing private sector businesses, said retained reserves will continue to be taxed albeit on a different basis, impeding capital accumulation and thus investment.

It said domestic industry has been undermined in the past decade by a combination of poorly negotiated free trade agreements, liberal import policy, shortage and cost of energy, misuse of the Afghan transit treaty, smuggling, under-invoicing and tax evasion.

"The net result is that jobs have been off-shored, mainly to China, whilst we focus primarily on export of commodities instead of adding value (and jobs) locally," it added. "Domestic industry in a country of 200 million should gain scale and become competitive, both in exports as well as import substitution."

The council's analysis noted that share of manufacturing in GDP has sharply declined to 13 percent. But, the sector carries 52 percent of the tax burden. "Unemployment is up, Pakistan's share in world exports down, external account under pressure and the tax/GDP ratio well short of what is required to invest adequately in social development. Poor health, including stunting and education is thus impeding the quality of human capital."

It advised that government should encourage capital formation, accumulation and consolidation to promote scale and competiveness as well as public participation in listed companies.

The PBC said the move to lower the taxes on smartphone instruments and cellular usage, though symbolic, is in the right direction and one which needs to be augmented to close the digital divide. "A three-year tax holiday for start-ups will also nurture this sector."

The cornerstone of PBC's 8-point agenda is to promote jobs, value-added exports and import substitution and increase tax revenue by strengthening domestic manufacturing and developing ICT sector.

The council further asked for restoration of the Finance Act 2007 regime for taxation of groups, including withdrawal of cascading taxes on inter-company dividends.

"These are essential to promote emergence of strong Pakistani groups on the global markets," it said. "Unfortunately, the budget failed to address this."

The extension of tax relief for newly listed companies is a welcome move. "However, the so called "simplification" of capital gains tax on listed company shares is another way of burdening shareholders with higher tax," it added. "By removing the link between the tax rate and the period of holding, the move reduces the incentive to hold shares for a longer term, thus adding to stock market volatility."

Investors in Asia's best performing stock exchange will now be subject to 50 percent higher tax on dividends than two years ago.

Instead of indexing the tax on dividends with progressive economies such as Singapore where tax is 0 percent, the rationale cited to increase it to 15 percent is to bring it in line with those countries that have a similar level. Dividends are paid from taxed income of companies. Many jurisdictions abroad therefore do not levy additional tax on dividends.

The PBC said the final budget was an important opportunity to signal fundamental reforms to inspire greater investor confidence.

"This is a budget that suggests "business as usual" when jobs, exports and tax revenues are anything but that," it added.

"There therefore remains substantial room in PBC's scorecard for tax reforms."

THE NEWS
Tuesday, 30th May, 2017

Government needs to revisit filer, non-filer distinction

The budget and post-budget speeches of finance minister Ishaq Dar single out non-filers to be put under punitive measures in the interest of 'bringing more people in the tax net'. In his post budget speech, the minister said the government has not put any burden of taxes on common citizens rather they have tried to net the non-filers; as if all non-filers are rich tax evaders.

Currently, there are only 1.158 million filers, which is not enough to feed the economy. Over 80 percent from among 140 million cell phones and 42.5 million internet users may not be eligible as filers but still they have to pay 14 percent (fiscal year 2016-17) and 12.5 percent (fiscal year 2017-18) as advance tax on their bills.

Technically filers can get this advance tax back but non-filers cannot. Hence, billions of rupees remain unclaimed on account of advance tax on use of phones and internet. Still the finance minister insists they have not burdened common people and only tightened the noose around non-filers.

The filer, non-filer discourse during a couple of years has been used to identify tax payers and tax evaders in broader terms. But the two broad categories have not been sub-categorised; especially the most maligned one, the non-filers.

There is a need to see whether or not the non-filers are homogenous and all are liable to be punished by imposing increased tax ratios.

This very issue should not be discussed just as an issue of hard core economy but should be seen in the light of the political economy perspective.

According to section 114 of the Income Tax Ordinance (ITO), the people who own immoveable property with a land area of 500 square yards or more, a flat having covered area of 2,000 square feet or more and a motor vehicle with an engine capacity above 1000CC require to file their income tax returns.

Earlier, there have been some more such requirements. So far until May 23, just three days ahead of the announcement of the federal budget, 1.158 million Pakistanis filed their income tax returns, just a fraction of the adult population.

Even if we do not compare the total population which is more than 200 million, let us just take those who use mobile phones and internet as the population to be compared with the ratio of tax return filers.

For political economy analysis of filers and non-filers discourse, let us take 140 million people (according to Economic Survey 2016-17) who use mobile phones to make calls and 42.5 million people who use internet either on their smartphones or on their computers/laptops. Many of them may overlap the total figures, so both figures are not being added to make it a total figure.

A total of 140 million mobile phone users during the current fiscal year (2016-17) have been paying 14 percent advance tax on their bills in addition to regular tax (15 percent). In a sense on each Rs100 bill, they pay Rs29 as tax. So, 42.5 million people on each Rs100 for their internet bill, pay Rs29 as tax.

It is to be noted that 14 percent advance tax both on use of mobile phone and internet is supposed to be returned to the consumers upon filing income tax returns.

This means, only 1.158 million people can get their 14 percent advance tax on internet and mobile phone bills back through filing of income tax return, whereas 138.84 million non-filers cannot claim this amount.

If we calculate this unclaimed money it would be billions of rupees.

Out of 138.84 million non-filer cell phone users, according to an estimate, hardly 8.84 million people would fall under the category of 'potential filers' under section 114 of ITO.

This means a net of 130 million people would still remain non-filers as they are low paid people from working class who use cell phones for connectivity and do not own any moveable or immovable properties or taxable income.

If those 130 million people spent Rs300 per month on use of mobile phones, the total advance tax collected in fiscal year 2016-17 would be Rs5,460 million at 14 percent, while it would be Rs4,875 million in fiscal year 2017-18 at 12.5 percent.

The government as a result would collect Rs58,500 million from non-filers who use cell phones.

Similarly, out of 41.34 million non-filer internet users, some 10.34 million may fall in the category of 'potential filers', the remaining 30 million would not be eligible to be pushed as filers.

THE NEWS
Tuesday, 30th May, 2017

So, if the 30 million poor non-filers on an average spent Rs500 per month on internet, the total amount collected as 14 percent advance tax for fiscal year 2016-17 would be Rs2,100 million, while at 12.5 percent advance tax in fiscal year 2017-18, this amount would be Rs1,875 million. With this average, during fiscal year 2017-18, the government would collect Rs22,500 million from common internet users who are not filers.

The government needs to revisit its 'filer and non-filer discourse' as the bulk of non-filers fall in the category of common citizens who have been burdened with unclaimed advance tax.

No doubt the tax base needs to be broadened for a stronger economy, but not at the cost of the millions of poor.

THE NEWS
Tuesday, 30th May, 2017

Cotton unchanged

Karachi

No trading was recorded at the Karachi Cotton Exchange on Monday, while spot rates remained unchanged.

The spot rates stood firm at Rs6,850/maund (37.324kg) and Rs7,341/40kg. Ex-Karachi rates also remained unchanged at Rs6,985/maund and Rs7,486/40kg after an addition of Rs135 and Rs145 as upcountry expenses, respectively.

An analyst said trade remained off because of the second day of Ramazan.

"Slow trading will likely to take off in the middle of Ramazan, which would pace up after 20th of June," he said.

"New cotton arrivals would start from the middle of June, as one deal of Sindh cotton from Burewala had already been made with delivery between July 10 to 15," he added.

The cotton market recorded four transactions of around 2,500 bales at Rs6,900 to Rs7,090/maund. The deals were recorded from Multan, Noorpur Noranga, Yazman Mandi and Vehari.

The Nation on Web
The Nation
Tuesday, 30th May, 2017

Govt eyes 6pc growth rate for FY2017-18

Our Staff Reporter

ISLAMABAD - Finance Minister Ishaq Dar on Monday said that the government is determined to achieve GDP growth rate of 6 percent in the coming fiscal year 2017-18.

He said the government has borrowed only for development projects and not for meeting routine expenditures. He made these remarks while chairing a post-budget meeting at FBR headquarters. The meeting reviewed matters relating to the new budget measures as well as the state of revenue collection for the current fiscal year.

PM's Special Assistant on Revenue Haroon Akhtar, FBR chairman and senior officers participated in the meeting. The FBR chairman briefed the minister on the efforts being made to ensure collection of the targeted revenue for the current fiscal. He also briefed the minister on the implementation arrangements for the new budgetary measures.

Dar congratulated the FBR team on preparation of a balanced revenue budget. He appreciated the extensive consultation carried out by FBR before the budget and said that it had been helpful in finalising progressive revenue measures. He directed FBR to make full use of the parliamentary debate on the budget and to examine in the detail the proposals received during the debate. He said that the government would give full considerations to all such proposals and make adjustments if necessary. He said the budget is a manifestation of the government's resolve to watch for the well being of all sectors of the economy and not resort to taking just populist measures.

He also directed the FBR officials to make concerted efforts to achieve the revenue target for the fiscal year 2017-18. He said good revenue collection was exceedingly important for the government's efforts aimed at inclusive growth and employment generation. The minister said that with dedicated efforts and strict financial discipline, the government has been able to maintain macroeconomic stability that it has gained through continued reforms and following prudent economic policies.

Haroon, on behalf of all the officials of the FBR, thanked the minister for his continued support that enabled them undertakes the budget exercise with complete success.

The Nation on Web
The Nation
Tuesday, 30th May, 2017

LSM registers 5.1pc growth

Staff Reporter

ISLAMABAD - Large Scale Manufacturing (LSM) in the country has witnessed an impressive 5.1 percent growth during first three quarters of current fiscal year as compared to 4.6 percent in same period last year.

The Year on Year, LSM recorded significant growth of 10.5 percent in March 2017 as compared to 7.6 percent of March 2016. Official statistics on Monday showed that manufacturing sector is backbone of economy and constitutes second largest sector of economy contributing 13.5pc GDP and generating biggest number of industrial employment with technology transfer.

It comprises mainly of LSM with 80 percent share in manufacturing and 10.7 percent in GDP whereas small scale manufacturing accounts for 1.8 percent in total GDP and 13.7 percent share in manufacturing. The third component of the sector is slaughtering and accounts for 0.9pc percent in overall GDP and its share in manufacturing is 6.7pc.

The overall manufacturing sector continued to maintain its growth momentum with more vigor during current fiscal year. During 2017, it recorded an impressive growth of 5.3 percent against 3.7 percent of last year.

The Nation on Web
The Nation
Tuesday, 30th May, 2017

Policy of borrowing continues

$491.8m added to debt during April

Imran Ali Kundi

ISLAMABAD - The government's policy of borrowing is continuing, as it added another $491.8 million in the country's growing debt during April 2017.

With the inflow of $491.8 million in last month, Pakistan's external borrowing has surged to $5.8 billion during ten months (July-April) of the ongoing financial year. The government had revised its estimates for external borrowing to around $10 billion from its earlier plan of taking more than $8 billion loan during current fiscal year 2016-17.

The Pakistani economy has been rapidly borrowing and since year 2013, it ballooned by 46 percent (or Rs6.55 trillion) to Rs20.872 trillion at present. Gross public debt was standing at Rs20,872 billion as at end of March 2017 while net public debt was Rs18,893 billion. Gross public debt recorded an increase of Rs1,194 billion during first nine months of current fiscal year. Out of this total increase, increase in domestic debt was Rs1,121 billion while the government borrowing from domestic sources for financing of fiscal deficit was Rs1,018 billion.

Similarly, Pakistan's External Debt and Liabilities (EDL) include all foreign currency debt was recorded at $75.7 billion as at end of March 2017 out of which external public debt was $58.4 billion. External public debt recorded an increase of $0.7 billion during first nine months of current fiscal year.

According to the latest documents of Economic Affairs Division (EAD), the government borrowed $5.79 billion during ten months of the year 2016-18. Major components of the borrowing were $1.315 billion loan from foreign commercial banks and issuance of $1 billion Sukuk bonds last year. Pakistan had borrowed $1.08 billion from China during July-April 2016-17. Major component of Chinese loan, $1.03 billion, was spent on balance of payment support. However, the project loans from China during the first ten months were only $565 million.

The government had projected to receive $1.03 billion from China during entire current financial year. Meanwhile, the Asian Development Bank had disbursed $914.3 million to Islamabad, which is 87.2 percent of the annual estimates. The loans from the World Bank stood at only $339 million or 33.8 percent of the annual estimates of $1.5 billion. The Islamic Development Bank gave $496.8 million to Pakistan.

The government has also borrowed $21 million from Asian Infrastructure Investment Bank (AIIB) in the current 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 $188.7 million including $11.25 million in the month of April against the budgeted estimates of $62.48 million for the current fiscal year, UNHCR disbursed $0.77 million, Japan disbursed $44.56 million against the budgeted $77.13 million for the current fiscal year and UK released $149.74 million including $9.76 million in April. EU disbursed $17.84 million in the current financial year against the budgeted estimates of $51.12 million.

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