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Export target difficult to achieve: Aptma

RECORER **REPORT**

LAHORE: The All Pakistan Textile Mills Association (APTMA) spokesman has said that it is impossible to achieve the export target of 12 percent of GDP, given the non-serious attitude of the government.

The target cannot be achieved by allocating merely Rs4 billion in the new budget against Rs180 billion Prime Minister's Textile Industry Package announced on 10th of January 2016. "Allocation of Rs4 billion under the textile industry package is nothing short of a joke," he added.

He deplored that the federal budget 2017-18 has offered nothing for industrial growth and increase in exports.

Instead of announcing initiatives for immediate restoration of textile industry's viability, the government has further burdened it with increase in turn over tax, customs duty and sales tax on import of cotton and levy of further taxes.

The industry is already plagued with liquidity crunch amidst uncertainty relating to clearance of billions of rupees of Sales tax refunds.

He said both the current account and trade deficits could be minimized by strengthening the textile industry, which has potential of earning precious foreign exchange for the country.

The government should ensure enabling environment for industry and new investment on priority, he stressed.

He mentioned that the high cost of doing business was already shutting out feeble manufacturing units one after the other.

He said the government should also protect domestic commerce through tangible measures to check dumping of textile raw materials and products.

He said the textile industry was a major contributor to the country's exports and appealed to the prime minister to allocate funds to honour his Rs180 billion textile package announced earlier this year.

"The textile industry is in dire need of viability restoration, availability of energy at internationally competitive rates and measures leading to new investment initiatives.

APTMA spokesman said all textile associations are up in arms against such an anti-industry, anti-investment and anti-export budget.

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Experts say power shortfall soars to 6000MW

MUSHTAQ GHUMMAN

ISLAMABAD: Continuous unscheduled outages during Ramazan across the country coupled with scorching heat have generated considerable public fury while the Ministry of Water and Power insists that shortfall is below 3000MW and no unscheduled load-shedding is taking place in any part of the country.

Independent power sector experts argue that shortfall is not less than 6000MW due to which urban areas, except Islamabad, are facing 8-10 hour outages whereas rural areas out of government's "radar" are spending 18 hours without electricity. Violent spontaneous protests against "unscheduled and merciless" load-shedding are ongoing across the country.

Disturbed with the current power crisis, Prime Minister Nawaz Sharif presided over the meeting of Cabinet Committee on Energy (CCoE) for two consecutive days and directed concerned officials to use all resources to deal with the current crisis.

An official statement states that Prime Minister chaired the meeting of the Cabinet Committee on Energy to follow up on urgent measures being carried out to reduce load-shedding. Secretary Water & Power briefed the meeting that detailed working had been undertaken on utilization of all installed capacity.

Prime Minister directed that accurate figures for estimated power demand and expected supply from existing as well as under implementation plants over the next 12 to 36 months be calculated. The PM also directed for re-verification of the amounts of circular debt from third party auditors so as to ascertain claims attributed to fuel payments, line losses and other factors. Prime Minister emphasized inclusion of provincial representatives in decision making on important issues relating to the power sector.

Chief Minister Punjab Shahbaz Sharif who had promised to fix the electricity issue within six months of assuming power recently challenged the duration of load-shedding claimed by the top brass of Water and Power Ministry. The sources said, when Secretary Water and Power Yousaf Nasem Khokhar claimed that load-shedding duration for urban areas is six hours and rural areas 8-10 hours – a claim rejected by Chief Minister Punjab citing the example of Lahore facing 16 hour outages.

The control of supply quota allocation is within the Ministry's domain and Discos' are entirely dependent on whatever is allocated to them.

Ministry of Water and Power claims that demand was 19,163MW at 3pm whereas generation was 16,255MW, showing a shortfall of 2908 MW. Of this, hydel generation was 5,309MW, Gencos 3,134MW and IPPs 7,812MW.

The 500KV Jamshoro Line tripped again early Tuesday morning – after tripping both Sunday and Monday nights – depriving almost half of Sindh of electricity. Cities that faced a major power breakdown include Karachi, Larkana, Jamshoro, Hyderabad, Tando Allahyar, Tando Muhammad Khan, Thatta, Mirpurkhas and Sujawal.

Meanwhile, residents of Khanpur blocked the Khanpur-Taxila Road on Tuesday, claiming they have been facing over 12 hours of power cuts every day. The protesters also said the relentless load-shedding had resulted in acute shortage of drinking water in the area.

Peshawar has also been witnessing continued protests against load-shedding for the past several days, led mostly by the ruling Pakistan Tehreek-e-Insaf leaders. A similar situation was witnessed in Malakand where public representatives of PTI attacked the grid station.

Ministry of Water and Power maintains that areas where losses are 50 percent and above, unscheduled load-shedding will continue. Minister for Water and

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Power Khawaja Asif termed the protesters in KPK as power stealers.

According to sources, Secretary Water and Power and other officials of the Ministry hold a video conference with the Chief Executive Officers (CEOs) of Discos at Sehri and Iftari to check demand and supply position. A spokesman of Water and Power Ministry said that the Ministry got power supply data during Taravih and Sehri from Discos, adding that data was not collected at other times.

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300MW plant at Gwadar: PPIB issues LoI to Chinese co

ISLAMABAD: Private Power Infrastructure Board (PPIB) has issued Letter of Interest (LoI) to China Communications Construction Company Ltd (CCCC) for development of 300MW Imported Coal-fired Power Project at Gwadar.

This project is a component of flagship China-Pakistan Economic Corridor (CPEC) initiative of the Governments of China and Pakistan. The document was signed by Shah Jahan Mirza Managing Director PPIB and from the company's side it was signed by Xu Jun, Vice President of CCCC. CCCC would develop the 300MW power project utilizing imported coal at Gwadar, Balochistan.

The company will get tariff approval from Nepra and start construction after achievement of Financial Closing. The said project has been approved by the Joint Cooperation Committee (JCC) of CPEC and the PPIB Board for further processing.

Official sources told Business Recorder that the project was included in the list of "prioritized projects" of the CPEC framework agreement. Initially, it was decided that the project would be developed in the public sector but subsequently it was decided that it will be developed in the IPP mode.

According to MD, PPIB, in the fifth meeting of the Joint Cooperation Committee (JCC) on CPEC held on November 12, 2015, it was agreed that CCCC would be the sponsor of the Gwadar power project. In the meantime, detailed deliberations were carried out regarding supply of power to Gwadar from alternate sources and Prime Minister Nawaz Sharif, on recommendation of the Ministry of Water and Power, directed that "MoW&P shall immediately proceed on the earlier application of CCCC for grant of LoI/ LoS for establishment of 300MW coal power plant at Gwadar after completion of necessary legal formalities as the project is a component of CPEC".

The sources said, pursuant to the Prime Minister's decision, PPIB, on December 23, 2016 submitted a draft summary for the ECC which was subsequently approved. It was also agreed that PPIB would issue LoI to the CCCC within three days following submission of the required bank guarantee and project agreement would be signed within three months of the issuance of LoS.

The sources further stated that CCCC was registered for development of the project on January 5, 2017. PPIB advised the company to submit its proposal in accordance with the Power Policy 2015 and applicable guidelines. PPIB also requested NTDC to provide confirmation regarding evacuation of power be provided as per recommendations of a feasibility study carried out by Quetta Electric Supply Company (Qesco), while CCPA (G) can give its consent to execute long-term PPA with CCCC subject to the condition that NTDC ensures evacuation of entire generation from the power plant within the timeline.

With the addition of 300MW Gwadar Power Project, the portfolio of power generation projects being processed by PPIB is nine which include coal based projects of 8,220MW and three hydro based projects of 2,714MW constituting aggregate total of twelve projects of 10,934MW under the CPEC.—MUSHTAQ GHUMMAN

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SHC allows

Nepra to take action against KE

KARACHI: Sindh High Court (SHC) has announced its verdict regarding unannounced loadshedding case, and allowed National Electric Power Regulatory Authority (Nepra) to take action against K-Electric according to the law.

The court had reserved its verdict after the completion of arguments by both parties. The applicant's counsel Faisal Siddiqui said K-Electric is bound to provide electricity to all users without any discrimination. If one person steals electricity, then the whole area should not suffer from loadshedding, he said.

The SHC directed K-Electric to act upon Nepra's order that was issued on January 22, 2016 in which Nepra had declared area-wise loadshedding illegal.

It is worth mentioning here that power outage hit 80 percent of Karachi on first Sehri of Ramazan. Let it also be known that Supreme Court had issued order in 2014 to not conduct loadshedding during Ramazan.—NNI

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EU, China seek tighter bond to face Trump

BRUSSELS: The EU and China will attempt to deepen ties at a summit Thursday amid rising worry about the direction taken by US President Donald Trump on trade and climate change.

Chinese Premier Li Keqiang will meet EU president Donald Tusk and European Commission head Jean-Claude Juncker with hopes of forging an answer to Trump's "America First" challenge.

But years of skirmishes over trade and human rights will make a deeper alliance difficult.

The incentive to strengthen links with Beijing is strong after German Chancellor Angela Merkel, the EU's most powerful leader, on Sunday warned that the EU can no longer depend on longtime ally US as a reliable partner.

Li, China's second most powerful leader after President Xi Jinping, will also visit Germany where he will meet Merkel and sign a cooperation deal on electric cars.

"There's a lot we can offer each other," said vice foreign minister Wang Chao in the run-up to the European tour by Li.

The Brussels talks follow a tense international tour by Trump in which the unpredictable tycoon refused pleas by his European counterparts to adhere to the 2015 Paris climate accord.

The EU, US and China each roughly represent the same weight in the world economy and an exit by Washington from the climate deal would leave its only chance of survival in the hands of Brussels and Beijing.

Given the context, China's premier and the heads of the European Union's main institutions are expected to deliver a strong statement in support of the Paris agreement.

But besides climate, big obstacles to a deeper diplomatic breakthrough remain.

Also on the agenda is an EU-China investment accord that has been under negotiation since 2013 and that is largely seen as a dry run for a full trade deal.

But those talks are at a standstill over longstanding disagreements on the lack of access given to European companies in China and a fight over cheap Chinese exports that Europeans say are unfairly flooding their market.

China, the EU's second-largest trade partner, "needs to walk the talk," said EU Trade Commissioner Cecilia Malmstroem at a business conference last week.

"The welcome commitments from China about liberalisation have not been matched by concrete action," she added.

Many had hoped that President Xi Jinping's fervent defence of globalisation at the World Economic Forum in January would signal a new open trade era for China. "We have heard a lot of positive signals coming out of China when it comes to market opening and freer trade, but we hope this week we will lead to some concrete result," the European Chamber of Commerce's Mats Harborn told Bloomberg TV.

But Li Chenggang, assistant minister of commerce, told a news briefing in Beijing that "the two sides don't see eye to eye on all issues". China's militarisation of islands in the South China Sea and the increase in authoritarianism under Xi have also rung alarm bells for Europeans.

"EU leaders need to make good on their pledges and make human rights and the freeing of peaceful activists a top strategic priority in the EU's relationship with China," said Human Rights Watch's EU director Lotte Leicht.

In a letter to Juncker and Tusk, several groups of rights activists, including Human Rights Watch, urged the EU to take up these concerns with China's leadership.

"While EU officials are willing to engage in very public, critical battles with China over steel tariffs,

solar panels, or the South China Sea, most EU officials are not willing to engage publicly in such debates over China's use of torture and arbitrary detention," the letter said.—AFP

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THE RUPEE
Firm trend

RECORDER REPORT

KARACHI: Steadier trend was witnessed on the money market on Tuesday as the rupee firmly held the overnight levels in the process of trading, dealers said.

INTER-BANK MARKET RATES: The rupee sustained its present levels against the dollar for buying and selling at Rs 104.85 and Rs 104.86 respectively, dealers said.

In the second Asian trade, the dollar firmed against a basket of currencies as the euro and sterling were pressured by political uncertainties in the UK and eurozone, even as it surrendered ground against the perceived safe-haven yen.

The dollar index, which tracks the greenback against a basket of six rival currencies, rose 0.2 percent to 97.659, pulling further away from a 6-1/2-month low of 96.797 plumbed last week.

US and UK markets were closed for holidays on Monday, giving investors fewer directional clues to follow.

British Prime Minister Theresa May's lead over the opposition Labour Party dropped to 6 percentage points in a poll published on Tuesday, the latest to show a shrinking lead for the ruling Conservatives ahead of June 8 elections since the Manchester terrorist attack.

Sterling slipped 0.2 percent to $1.2816, moving back toward a three-week low of $1.2775 touched on Friday, while the euro dropped 0.3 percent to 1.1128.

The euro was also on the defensive after former Italian Prime Minister Matteo Renzi said on Sunday that it makes sense "from a European perspective" for Italy's next election be held at the same time as Germany's, scheduled for September. His comments led to a sell-off in Italian government debt on Monday.

The dollar was trading against the Indian rupee at Rs 64.650 and the greenback was available at 4.282 in terms of the Malaysian ringgit.

Inter bank buy/sell rates for the taka against the dollar on Tuesday: 80.55-80.57 (previous 80.53-80.55).

OPEN MARKET RATES: The rupee did not move any side in terms of the dollar for buying and selling at Rs 105.80 and Rs 106.00 respectively, they said.
While, the rupee, gained 40 paisas versus the euro for buying and selling at Rs 117.60 and 119.10 respectively, they said.

Open Bid	Rs. 105.80
Open Offer	Rs. 106.00

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

Bid Rate	Rs. 104.85
Offer Rate	Rs. 104.86

RUPEE IN LAHORE: The Pak rupee appreciated against the dollar in the local currency market on Tuesday.

According to the currency dealers, the US dollar commenced trading on a depressing note following lack of buyers' interest in the market.

As a result, it slid to Rs 105.60 and Rs 106.10 on buying and selling counters, respectively, as compared to the overnight closing trend of Rs 105.80 and Rs 106.15 respectively, they added.

On the contrary, the local currency failed to sustain as it depreciated versus the pound sterling.

The pound's buying and selling rates went up from Monday's closing rates of Rs 134.80 and Rs 135.50 to Rs 135.00 and Rs 136.00 respectively, they said.

RUPEE IN ISLAMABAD AND RAWALPINDI: The rupee stayed put against the dollar at the open currency markets of Islamabad and Rawalpindi here on Tuesday.

The dollar opened at Rs 105.90 (buying) and Rs 106

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(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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Exemption-related SROs

Talk on proposed amendment to finance bill deferred

ZAHEER ABBASI

ISLAMABAD: Senate Standing Committee on Finance has deferred for further discussion a proposed amendment in the Finance Bill 2017, designed to allow Board (FBR) to issue exemptions to special cases with prior approval of minister in-charge instead of the federal government.

A meeting of the Senate Standing Committee on Finance chaired by Senator Saleem Mandviwalla started discussion on the Finance Bill 2017 on Tuesday by taking up amendment in the Customs Act.

In a major decision, the government is looking forward to empowering a board led by federal ministers to take decisions on all financial matters on behalf of the federal government. It wants to do this through an amendment in the 18th Constitution Amendment proposed in the finance bill, which will replace the word "federal government" with "board with the approval of the minister in-charge".

Secretary Finance Tariq Bajwa said the proposed amendment was meant to allow the proposed Board to issue exemption-related SROs in specific cases with the approval of minister-in-charge subsequent to the approval of Economic Coordination Committee (ECC) of the Cabinet as there was no need to go to federal cabinet or federal government for every thing.

However, some senators including Senator Ilyas Balour did not agree while Senator Usman Saifullah said, "FBR wants to take the power of federal cabinet as far as issuance of exemption in duties is concerned."

The chairman of the committee stated they (FBR and Finance Division) wanted to change the procedure for issuance of SROs for granting exemption. The meeting decided to defer the proposed amendment for further discussion.

While some members of the committee, especially Mohsin Leghari, raised questions on creation of the post of director general of China-Pakistan Economic Corridor (CPEC) through the Finance Bill and stated this should have been dome through a regular amendment in the Customs Act.

Secretary Finance Tariq Bajwa said the post of DG CPEC is being established to monitor the flow of goods in order to prevent any leakages. The meeting was informed that most probably the DG office would be established in Karachi and scanners would be set up at entrance points from China to Pakistan and after every two hundred kilometers to check any irregularity in shipment of goods.

The meeting discussed 19 amendment proposed in various sections of the Customs Act.

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Detention certificates

Customs empowered to slap Rs0.5m penalty on port authorities

SOHAIL SARFRAZ

ISLAMABAD: The federal government has empowered the customs department to impose penalty of Rs 500,000 on port authorities and terminal operators, who failed to entertain the delay/detention certificates issued for importers to exempt them from demurrage charges.

Sources said that an amendment in the Customs Act 1969 through Finance Bill 2017 has empowered the customs department to penalize the port authorities/terminal operators like KPT, KICT, PICT, Port Qasim, QICT, off-deck terminals and all terminal operators at sea port and dry port. This is subject to the condition that the said port authorities/terminal operators refuse to entertain the delay/detention certificates issued by the customs department. The delay/detention certificates direct the port authorities/terminal operators for not collecting demurrage charges from importers.

According to sources, the Federal Board of Revenue (FBR) can cancel the licence of the concerned defaulter, ie, port authorities/terminal operators in cases of default or non-compliance. The amendment in the Customs Act is a big enforcement measure to ensure compliance of customs laws by port authorities/terminal operators.

Sources said that the section 156 of the Customs Act 1969 mentions the extent of penalties which may be imposed for offences made in violation of various provisions of the Act. The penalties are to be imposed by the adjudicating authorities keeping in view the nature and gravity of the offence. However, for certain recurring offences viz invoice/packing list not found with the cargo, delay in filing of good declaration (GD) etc, there is a need to enable the Board to notify imposition of fixed, system based penalties through a notification. In addition, when Customs Authorities issue delay & detention certificates, under Section 14A of the Customs Act, to provide relief to the trader from demurrage charges, especially when the delay was not attributable to him, the same are generally not entertained by port authorities/terminal operators due to no specific penalty in the law.

Accordingly, it is proposed to insert sub-section (4) in section 156 to allow Board to fix the quantum, and the time and manner of levy of penalty under the Customs Act and a new sub-clause (7A), in Section 156(1) that would allow the appropriate officer of Customs to penalise the delinquent port authority/terminal operator.

As per amendment, if any agency or person including port authorities managing or owning a customs port, customs airport or a land customs station or a container freight station, fails to entertain a delay and detention certificate issued by the officer of Customs, such agency or person or port authority shall be liable to a penalty not exceeding Rs500,000.

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Technology, automation

SBP unveils risk management framework for FIs

RIZWAN BHATTI

KARACHI: The State Bank of Pakistan (SBP) has issued Enterprise Technology Governance & Risk Management Framework for Financial Institutions (FIs) to minimize the technology risks.

All banks/DFIs/Microfinance Banks will be required to upgrade their systems, controls and procedures to ensure compliance with this framework latest by June 30, 2018. Senior management of FIs will monitor the implementation of this framework on an ongoing basis and the board of directors will review the implementation process on a quarterly basis, the SBP said.

According to BPRD Circular No. 05 of 2017, the evolving role of technology and automation in the banking/financial services sector is becoming increasingly complex. A growing number of Banks/DFIs/Microfinance Banks are leveraging technology to offer innovative products, efficient services and venture into new business models.

As technology becomes an integral part of the business and operations of FIs, such technology usage and dependence, if not properly managed, may heighten technology risks. Therefore, with a vision to provide baseline technology governance and risk management principles to the FIs, State Bank of Pakistan has developed a framework on "Enterprise Technology Governance & Risk Management in Financial Institutions".

The framework has been developed after extensive consultation with both internal & external stakeholders. Earlier on March 14, 2017, the draft of the framework was published for public consultation. The framework is based on principles of international standards and best practices for technology governance and risk management including cyber security.

The framework will apply to all FIs which includes commercial banks (public and private sector banks), Islamic banks, Development Finance Institutions (DFIs), and Microfinance Banks (MFBs).

According to SBP, this framework shall be integrated with the FIs' overall enterprise risk management program to identify, measure, monitor and control technology risks. The framework is not "one-size-fits-all" and its implementation needs to be risk-based and commensurate with the size, nature and types of products/services offered and complexity of technology operations of individual FI.

Further, FIs shall exercise sound judgment in determining the applicable provisions relevant to their technology risk profile while implementing this framework.

The FIs may follow a phased approach towards implementation of the framework starting with a gap analysis between their current status and this framework, development/update of the policy framework, on-the-ground implementation and compliance reporting.

It aims to provide enabling regulatory environment for managing risks associated with the use of technology. The instructions aims to enhance the proactive environment in FIs to various aspects of the information technology, security, operations, audit and related domains and to create overall safe and secure technology operations in FIs that will benefit and enhance the confidence of all the stakeholders.

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Oil prices

Out of OPEC hands

The Organization of the Petroleum Exporting Countries (OPEC) last week decided upon the highly anticipated production cuts. However, in reaction to the news the crude oil prices dropped again, as a classic case of buy the rumor sell the news. The goal of the oil cartel with these cuts was to keep the floor on crude oil prices above $50/bbl but it looks it has failed yet again.

Previously, this column has highlighted the ineffectiveness of OPEC. The cartel has barely any control over the production of its members. During meetings most members agree on the cuts but in reality they do not adhere to it and in some cases more pumping has been witnessed.

This nuisance of lower oil price for the oil producing countries has brought together two strange bedfellows which are Russia and Saudi Arabia both of which are leading the production cuts. The market, however, wants further cuts because of increasing global oil inventories especially in China and significant drop in breakeven price of shale oil.

The main cause of concern for OPEC is the shale producers who have been very smart about their business. The shale boys have over the years improved their technology and discarded expensive rigs. On the other hand, most have hedged themselves in the futures market against the drop in oil prices. Market analysts are of the view that most shale operators are hedged below 60 dollars. Moreover, shale operators also have the freedom to sell at any rate they seem feasible. Even a dollar profit per barrel keeps them afloat. On the contrary, the Saudis and the Russians have a country to run which is largely depending on energy prices.

Secondly, China which is the biggest consumer of oil is slowing down economically. It is storing oil just for security purposes and would soon have enough. Apart from China no other country has enough appetite create a demand supply gap in the oil market.

Another aspect to the crude prices are the net speculative long positions undertaken by hedge funds mostly. These speculative positions were at extraordinary levels around March which in itself was a red signal for the oil because the prices were moving sideways and the speculators were exposed to any negative event. One of the reasons for oil prices plunging post-OPEC meeting can be the covering speculative positions.

Going forward, oil prices might have some respite as summer and driving (travel) seasons across the developed world starts but post August if there is no significant change in global inventories and the shale production maintains its current pace, the prices can drop further and retest $40/bbl level again.

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550m received under CSF till March

TAHIR AMIN & ALI HUSSAIN

ISLAMABAD: The US under Coalition Support Fund (CSF) has disbursed $550 million late February/early March 2017 to Pakistan, and an additional $350 million has been authorized, but that amount is still dependent on certification from the US defence secretary that Pakistani counter-terrorism operations are disrupting the Haqqani Network's sanctuaries.

This was stated by US Embassy spokesperson Fleur Cowan, responding to Business Recorder query.

The State Bank of Pakistan (SBP) has confirmed this on its website that the country received $550 million under CSF in the current fiscal year; and received $937 million in fiscal year 2016 and $1.452 billion in fiscal year 2015.

Budget documents 2017-18 however indicate Rs 74.5 billion external inflows under defence services receipts (referring to the Coalition Support Fund) against the budgeted amount of Rs 170.7 billion in 2016-17; however the amount disbursed so far is $550 million, around Rs 57 billion.

When the US Embassy Spokesperson was asked about the budgeted Rs 141.797 billion by the government of Pakistan on account of CSF for the next fiscal year 2017-18, she stated "I couldn't comment on the Government of Pakistan's budget figures, I think you should speak to the Government of Pakistan about that".

Under the US National Defence Authorisation Act (NDAA), the US Congress has conditioned the release of the $350 million tranche to a certification by the US defence secretary, declaring that Pakistani military operations in North Waziristan were disrupting the freedom of movement of the Haqqani Network. The US defence secretary has yet to issue the certificate.

Sources said Pakistani officials in Washington are lobbying for the release of pending amount on account of CSF, but so far no breakthrough has been made. They pointed out that there are a number of issues which need to be resolved and additionally the Trump administration is yet to come up with a clear policy of engagement with Pakistan and Afghanistan including its policy on future assistance to Pakistan.

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Ogra recommends govt to lower POL products' prices

RECORDER REPORT

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) on Tuesday recommended the government to reduce prices of all petroleum products for the month of June 2017.

In the working paper sent to the government, the authority has recommended a reduction of Rs 2.30 per litre in the prices of motor spirit (petrol), which is widely used in cars and motorcycles. Similarly, the Ogra has also proposed a reduction of Rs 3.20 per litre in the prices of high speed diesel (HSD), mostly used in mass transportation and agriculture. Likewise, Rs 13.60 increase in the price of kerosene oil and Rs 9.50 increase in the price of light diesel oil (LDO) have also been recommended.

According to the summary moved to the Ministry of Petroleum and Natural Resources and Ministry of Finance, a reduction of Rs 2.30 per litre has been recommended in the price of petrol and if approved, the price of petrol will come down to Rs 71.70 per litre from the current price of Rs 74 per litre. After the proposed reduction in the price of the high speed diesel, its price will also come down to Rs 79.80 from the current price of Rs 83.00 per litre.

The price of kerosene after the proposed increase of Rs 13.60 will go up to Rs 57.60 per litre from the existing Rs 44 per litre and with the increase of Rs 9.50 per litre, the price of LDO will go up from the existing Rs 44 to Rs 53.50.

However, the final decision regarding the prices of petroleum products will be taken on Wednesday (today).

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Establishment of EXIM Bank a positive step: FCCI chief

RECORDER REPORT

FAISALABAD: Establishment of EXIM Bank of Pakistan Limited is a positive step in right direction to give infrastructural support to the exports and imports from Pakistan, however, to fully achieve its objective, real stakeholders must be included in its Board of Directors (BoDs), said Engineer Muhammad Saeed Sheikh President Faisalabad Chamber of Commerce and Industry (FCCI).

He was talking to Yasir Hayat Khan, company secretary who met him in his office here yesterday. President briefed him about the economic importance of Faisalabad and said that out of total $ 18 billion exports of Pakistan, the share of Faisalabad is around 33 per cent. Similarly, out of $ 11 billion textile exports, Faisalabad is contributing $ 6 billion per annum which is around 55 per cent of the total textile exports. He welcomed the establishment of EXIM Bank and said that its primary objective is to support the exports and imports and being export centre, Faisalabad will be the main beneficiary of the EXIM Bank. He said that generally, figures are quoted that Karachi is the main revenue generating city of Pakistan which is not true. He said many Punjab and KPK based companies have their head offices in Karachi. If the revenue generated by only Punjab based companies is included in the concerned province, then the Faisalabad will become the major contributor towards the revenue generation. President also suggested that Yasir should have detailed meetings with the office-bearers of PTEA and PHMEA.

However, President FCCI expressed concern that despite of the economic importance, the Faisalabad is not given due representation in the economic policy-making. He demanded that Faisalabad be given maximum representation in the BOD of EXIM Bank to make it productive and result-oriented.

Earlier, M Yasir Hayat Khan briefed that the idea of EXIM Bank floated in 2004 but it was incorporated in 2015. It is fully owned by the Government of Pakistan which is not only providing finance but also extending the facilities of insurance and guarantee to the exporters and importers. He told that Asian Development Bank has hired a consultant to formulate the aims and objectives of this Bank and to make it truly productive and supportive towards imports and exports. He told that a questionnaire has been provided to fully assess the needs of importers and exporters.

He requested President FCCI for the immediate circulation of this questionnaire so that proper aims and objectives could clearly be defined in its mandate in accordance with actual demands and needs of the importers and exporters.

He hoped that this Bank will become operational within next six to eight months.

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Prices stay firm on cotton market

RECORDER REPORT

KARACHI: Prices maintained firm posture on the cotton market on Tuesday in the process of trading activity, dealers said.

The official spot rate was unchanged at Rs 6850, they said. In the ready session, around 3000 bales of cotton changed hands between Rs 6775 and Rs 7200, they said.

Market sources said that spinners took part in purchasing of fine quality in the meantime some ginners who have now little stock of unsold cotton were not keen in selling because prices were not matching with their psychological levels.

During the last sessions, some leading spinners preferred to stay on the sidelines, but looking active to meet their urgent needs.

Cotton analysts, Naseem Usman said the spinning mills which have no gas connection are badly affected due to load shedding. Power and gas load shedding hurting business activities in the country, he observed.

In the meantime, weather is good for the standing cotton crop and country may get better cotton production for the current season.

Huge stock of yarn is causing financial problem for the traders, he added.

The following deals reported as 1000 bales of cotton from Haroonabad sold at Rs 7200 (conditional), 756 bales from Jatoi at Rs 6800 and 1400 bales from Alipur at Rs 6775, they said.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2016-17 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/16" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL

Rate For	Ex-Gin Price	Upcountry Expenses	Spot Rate Ex-Karachi	Spot Rate Ex-Karachi As on 29.05.2017	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

BUSINESS
RECORDER
Wednesday, 31st May, 2017

New York cotton

RECORDER REPORT
The fluctuations observed during the day:

	Current Session						Prior Day		
	Open	High	Low	Last	Time	Set	Chg	Vol	Set
May'17	77.10	77.67	76.90	77.02	14:20 MAY 30	-	-0.08	10552	-
Jul'17	74.27	75.28	74.20	75.28	14:20 MAY 30	-	1.01	25	-
Oct'17	72.51	72.77	72.33	72.42	14:20 MAY 30	-	-0.09	5919	-

Wednesday, 31st May, 2017

PM orders audit of circular debt claims

Khaleeq Kiani

ISLAMABAD: Prime Minister Nawaz Sharif on Tuesday ordered a special audit of fresh circular debt claims of Rs480 billion and third-party analysis of the power demand-and-supply situation on the basis of projects that are coming up for commercial operations.

While presiding over a meeting of the cabinet committee on energy, the prime minister directly asked former water and power secretary Younus Dagha questions about the rosy days he had promised last year.

A senior official told Dawn that Mr Dagha, who was called on the prime minister's special instruction, termed the prevailing situation "a management problem". Otherwise, there was no "exceptional surge" in demand, he said. He told the meeting that demand and supply numbers were almost unchanged from last year, even though fresh generation capacity had also come on line.

Mr Dagha told the prime minister that he would be involved in the micromanagement of distribution and generation companies and kept their workforce on its toes. He said it was still a management issue and could be managed.

The prime minister was not satisfied and believed that he was misled last year. He said summer was no excuse for an increase in power shortfalls because it was expected and should have been proactively planned for.

Finance ministry contested payables of Rs480bn reported by power ministry

The prime minister also asked about idle generation capacity and whether it could be put to use to minimise public suffering. However, Water and Power Secretary Yousaf Naseem Khokhar explained that the option was deliberated at length but was not found feasible. Rental power plants like Reshma and Gulf were too obsolete and could not meet sustainability tests and tripped immediately after being energised, he said.

On the other hand, small power projects like Fatima and Southern Electric Power Ltd were under litigation.

Sources said the power ministry reported estimated payables of Rs480bn, which were contested by the finance ministry. The prime minister was told that the secretaries of finance and power ministries had deliberated on the financing plan, but the two top officials strongly differed over the payable claims.

It was noted that various power companies owe Pakistan State Oil Rs301bn, which is a record high.

The prime minister ordered that accurate figures for the estimated power demand and supply from existing as well as under-implementation plants over the next 12 to 36 months should be calculated. He also asked the authorities to re-verify the amount of circular debt from third-party auditors to ascertain claims attributed to fuel payments, line losses and other factors.

The prime minister stressed on the inclusion of provincial representatives in decision-making on important issues related to the power sector, particularly in relation to the proposed amendments to the National Electric Power Regulatory Authority.

Minister for Finance Ishaq Dar, Minister for Water and Power Khawaja Muhammad Asif, Minister for Petroleum and Natural Resources Shahid Khaqan Abbasi, Minister of State for Information and Broadcasting Marriyum Aurangzeb and other senior officials attended the meeting.

Wednesday, 31st May, 2017

Remittances record a sharp rise

Shahid Iqbal

The inflow of dollars from foreign countries rose 15 per cent in the first two days of Ramazan, according to a foreign exchange dealer. — File

KARACHI: The inflow of dollars from foreign countries rose 15 per cent in the first two days of Ramazan, according to a foreign exchange dealer.

This suggests the country may achieve the last fiscal year's level of remittances by the end of 2016-17.

Traditionally, monthly remittances more than double in Ramazan every year. Inflows increase because overseas Pakistanis send charity and Zakat funds in the holy month. In addition, overseas Pakistanis also increase remittances ahead of Eid.

"Our data shows remittances in the first two days of Ramazan have increased 15pc. This means more remittances can be expected in coming days and weeks," said Malik Bostan, president of the Forex Association of Pakistan. He said exact figures will be released a few days later.

Remittances are the backbone of the economy. They have helped the government meet the trade deficit for more than a decade. But the inflows started declining recently while the trade deficit also widened to a record high.

Exchange companies said the currency market remained dull and no big deal was made on Tuesday. There were few buyers of dollars while the number of sellers was also negligible.

There was demand for the Saudi riyal as pilgrims are leaving in growing numbers for Saudi Arabia for Umrah.

The greenback slipped 15 to 20 paisas on Tuesday. Currency dealers believe demand for the dollar can fall further.

"Compared to Lahore and a few other parts of Pakistan, the dollar is already costlier in Karachi by up to 50 paisas," said Mr Bostan, adding that higher remittances can ease dollar prices.

The external account may deteriorate further because the trade gap, which was about $26bn in July-April, has already created a current account deficit of over $7.3bn.

Pakistan received remittances of $15.8bn in July-April, which can reach $18.5bn by the end of 2016-17. However, Ramazan-related inflows can push the figure up to $19bn, close to the inflows of $19.5bn recorded in the preceding fiscal year.

The economy relies increasingly on remittances as foreign exchange reserves have been depleting rapidly. The unexpectedly high trade deficit along with a declining trend in exports has hindered the government's attempt to stabilise the economy.

Currency experts said low reserves will directly hit the exchange rate. The State Bank of Pakistan has been intervening in the interbank market to maintain the rate around Rs104.85.

Wednesday, 31st May, 2017

Industry slams long power outages

The Newspaper's Staff Reporter

KARACHI: The Site Association of Industry on Tuesday expressed serious concern over unannounced loadshedding by K-Electric, which lasted for 12 hours — from midnight to noon — on Monday.

Previously K-Electric started unannounced loadshedding from 7pm to 9pm and 12 midnight to 7am.

The unannounced frequent change of loadshedding schedule further affects production causing production and financial losses, the association said.

The Site Association said 12-hour long power outage is making it impossible for industrial units to survive.

Site Association Chairman Asad Nisar said the Sui Southern Gas Company Limited (SSGCL) has provided 165 million cubic feet per day (MMCFD), which is a very good quantity of gas with normal pressure to KE.

During summers, the power company must use furnace oil and diesel for additional generation to reduce unannounced load shedding.

He said industries located in Site Industrial Area have been badly affected.

“Most of the small industries are vendors for large exporters and are now idle due to non-availability of electricity,” he added.

Mr Nisar strongly urged the prime minister and chief minister Sindh to take note of KE’s actions and instruct the utility to immediately resume normal power supply to industries in Karachi.

Wednesday, 31st May, 2017

Food imports to cost more

Mubarak Zeb Khan

The government has enhanced regulatory duty to a maximum of 25 per cent — File

ISLAMABAD: The government has enhanced regulatory duty to a maximum of 25 per cent on imports of essential eatables.

The move may cause higher than anticipated import-led inflation in the next fiscal year.

The projected inflation target is set at 6pc for 2017-18.

For curbing the rising consumption of imported fish, the Federal Board of Revenue (FBR) has increased the regulatory duty to 25pc from existing 10pc on various kinds of fish.

ADVERTISEMENT

In the other food items, the government also slapped a regulatory duty of 5pc on import of egg yolks (dried and other).

The regulatory duty was enhanced to 20pc from 15pc on yogurt, butter, cheese and its products, natural honey, and many other dairy products. This will give more monopoly to local producers and will cause further rise in price of these products.

In fresh fruits, the regulatory duty was raised to 20pc from 15pc on pineapples, avocados, oranges, kinno, lemons, fresh grapes, watermelons, papayas, apples, pears, quinces, apricots, peaches, strawberries, raspberries, cranberries, kiwifruit, pomegranates, apricots, prunes, pine nut, lychee and dry fruits.

The duty was raised to 20pc from 15pc on the import of macaroni, vermicelli, pasta, corn flakes, crisp bread, ginger bread, sweet biscuits, waffles, rusks, and pickles.

On vegetables, the duty was further enhanced to 20pc from 15pc on potatoes, tomatoes, peas, beans, sweet corns, homogenised vegetables and mushrooms. Similarly, the duty was raised to 20pc from 10pc on preserves of all fruits. The duty was also raised from 15pc to 20pc on fruit juices.

Regulatory duty on potatoes, tomatoes, yogurt and butter rose to 20pc, and on fish to 25pc

The duty was raised to 15pc from 10pc on instant coffee in bulk and instant coffee in retail packs. The duty was raised to 20pc from 15pc on soya sauce, tomato ketchup, mustard flour, soups and broths, ice cream and other edible ice, concentrates for aerated beverage in all forms, syrups and squashes, sweet meats, mineral waters, aerated waters.

In cosmetics, the duty was raised to 20pc from 15pc on perfumes, lip make up preparations, eye makeup preparations, nail polish, face powder, talcum powder, face and skin creams, tonics and skin food, shampoos, cream for hair, hair lacquers, dyes for hair, tooth paste, and shaving cream.

The regulatory duty was raised to 20pc from 10pc on more than 32 products of leather, sportswear, jackets and footwear etc.

The regulatory duty was raised to 20pc from 15pc on various kinds of ceramics.

Similarly, the duty was raised to 20pc from 15pc on import of dinner sets, dishes, plates, tea cups, and ceramic tableware.

In electronics, the duty was raised to 20pc from 15pc on ceiling fan, pedestal fan, table fan, exhaust fan, and air conditioners.

The duty was raised to 20pc from 15pc on food grinders, fruit mixers, fruit or vegetable juice extractors, hair dryers, hand drying apparatus, electric smoothing irons, electric smoothing irons, microwave oven, electric ranges, electric roasters, coffee or tea makers, toasters, line telephone sets. The duty was raised to 20pc from 15pc on reception apparatus for receiving satellite signals of a kind used with TV (satellite dish receiver).

The duty was also raised from 10pc to 20pc on various kinds of weapons imports, wooden furniture.

In the sports sector, the regulatory duty was raised to 20pc from 10pc on various articles of table tennis, squash, footballs, and balls of all sports, articles and equipment for general physical exercise, gymnastics and athletics.

Wednesday, 31st May, 2017

Regulator proposes cut in petrol and diesel prices for June

The Newspaper's Staff Reporter

ISLAMABAD: The Oil and Gas Regulatory Authority (Ogra) on Tuesday recommended a Rs3.20 and Rs2.30 per litre cut in the prices of high speed diesel (HSD) and petrol, respectively, from June 1.

On the other hand, Ogra recommended a Rs11.60 and Rs9.50 per litre increase in the prices of kerosene and light diesel oil respectively.

In a summary sent to the government, the regulator said the adjustment in diesel and petrol prices was required to pass on the impact of drop in the international prices during May as benchmark crude oil eased to $50-52 per barrel.

On the basis of existing tax rates and imported cost, Ogra calculated the new ex-depot HSD price at Rs79.80 per litre from the current Rs83 for next month. Likewise, it revised down petrol price at Rs71.70 per litre from Rs74.

In contrast, Ogra recommended an increase of Rs11.60 in ex-depot price of kerosene at Rs55.60 per litre. Also, it proposed a Rs9.50 hike in the price of light diesel oil (LDO) to Rs53.50 per litre.

An official said the regulator had calculated the prices on the basis of imports made by Pakistan State Oil (PSO) in May and notified GST and petroleum levy rates on all products.

Finance Minister Ishaq Dar is expected to announce a formal government decision after consulting the prime minister on Wednesday. An official said the government was likely to keep the prices unchanged on price stability grounds and raise a few billions in tax revenue direly needed at the fag-end of the fiscal year to minimise fiscal deficit.

Last month too, Ogra had recommended a Re1 per litre cut in the prices of petrol and HSD but the government did not oblige and kept the prices unchanged.

The Ministry of Petroleum and Ogra have been recommending for many months a substantial increase in the prices of kerosene and LDO to minimise a huge price differential with petrol.

The ministry believed that a Rs30 per litre price differential between petrol and the two other products was encouraging dishonest market operators to mix kerosene with petrol for higher profits and resulting in adulterated and poor quality petrol in the market instead of higher grade (92RON) being charged to consumers. The government has been rejecting these calls saying it wanted to protect poor people.

Wednesday, 31st May, 2017

Chinese firm gets LoI for Gwadar coal power project

The Newspaper's Staff Reporter

ISLAMABAD: The Private Power and Infrastructure Board (PPIB) on Tuesday issued a Letter of Interest (LoI) to China Communications Construction Company (CCCC) for the development of 300-megawatts imported coal-fired power project in Gwadar at a cost of Rs55 billion.

The project is part of the China-Pakistan Economic Corridor (CPEC). PPIB Managing Director Shah Jahan Mirza and CCCC Vice President Xu Jun signed the document.

CCCC will develop the 300MW power project by utilising imported coal in Gwadar.

The company will obtain tariff approval from the National Electric Power Regulatory Authority (Nepra) and start construction after achieving financial close. The project has already been approved by the Joint Cooperation Committee (JCC) of the CPEC and the PPIB Board.

Gwadar is blessed with a deep-sea, warm-water port, which is considered a crucial link between the ambitious One Belt, One Road and Maritime Silk Road projects.

With the addition of 300MW Gwadar Power Project, the portfolio of power generation projects being processed by PPIB has increased to nine coal-based projects of 8,220MW and three hydro-based projects of 2,714MW, constituting a total of 12 projects of 10,934MW under the CPEC.

The Economic Coordination Committee (ECC) of the cabinet allowed the award of Rs55bn worth of 300MW coal power project in Gwadar to a Chinese firm a month ago without bidding at a single-point meeting.

The authorisation was given a special case under Rule 5 of the procurement rules that allowed project award in exceptional circumstances. The rule stated that "whenever these (Pakistan Procurement Regulatory Authority) rules are in conflict with an obligation of commitment of the federal government arising out an international treaty or an agreement with state or states or any international financial institutions, the provisions of such international treaty or agreement shall prevail to the extent of such conflict".

Originally, the project was of 600MW capacity, but was reduced to 300MW on the request of the Chinese in November 2014.

At a meeting of the Joint Energy Working Group in August, the Chinese government nominated CCCC, a state-owned entity, to invest in the project and Pakistan readily agreed to oblige. The company requested the PPIB in September 2015 for the development of 300MW plant on imported coal using supercritical technology.

Reports suggest the PPIB put on the record of the ECC that the proposed plant and machinery of the Gwadar project were not of supercritical technology.

The summary to the ECC claimed that in November 2016, Prime Minister Nawaz Sharif on the power ministry's request desired the ministry and the PPIB to proceed on the earlier application of CCCC for the grant of LoI/letter of support for the project "after completion of necessary legal formalities as the project was part of the CPEC".

The government announced in April 2015 the power generation policy. The policy required the project should be covered by bilateral agreements between the government of Pakistan and foreign governments, thus enabling the exemption of pre-award process and procedures, including pre-qualification.

The ECC approved the proposal by the power ministry for authorising the PPIB to proceed with the award of the project to CCCC under Rule 5 of Public Procurement Rules 2004.

Wednesday, 31st May, 2017

Cotton rates unchanged

The Newspaper's Staff Correspondent

MULTAN: The cotton market remained listless on Tuesday as buyers stayed away from the proceedings. The Karachi Cotton Association kept its spot rate unchanged.

According to cotton brokers, exports of cotton products are not getting momentum. “The declining textile exports and energy crisis are keeping buyers away from the trading ring,” a cotton broker said.

He said cotton from Afghanistan was being transported to Pakistan via Torkham border while about 40 cotton factories were operating in Afghanistan, particularly in Kandahar and Mazar-i-Sharif.

He said as many as 18,000 bales of Afghani cotton have been transported to Pakistan so far. “There is also an increase in cotton-sowing area in Afghanistan which could result in a sizeable transportation of Afghan cotton to Pakistan next year,” he said.

He said the quality of cotton coming from Afghanistan was satisfactory as both colour and staple length were good. “However, the contamination in Afghani cotton is a critical issue for the spinners,” he said.

He said that cotton-sowing target in Punjab has been fixed at 2.429 million hectares to produce 10m cotton bales; however, so far 64 per cent target has been achieved which is 32pc more as compared to last year during this period. In Sindh, the sowing target is 650,000 hectares.

Punjab has estimated over 21 maund yield against an acre. The average per acre yield of Sahiwal division will be 16.6 maund, Multan division 17.5 maund, Dera Ghazi Khan division 25 maund and Bahawalpur division 26.5 maund. Major deals on the ready counter were: 200 bales from Vehari at Rs6,825 per maund (around 37 kilograms), 200 bales from Sadiqabad at Rs7,000, 400 bales from Bahawalpur at Rs6,900, 1,000 bales from Haroonabad at Rs7,200 (conditional), 1,400 bales from Alipur at Rs6,775 and 756 bales from Jattoi at Rs6,800.

THE FOLLOWING ARE THE KCA OFFICIAL SPOT RATES FOR 2015-16 FOR LOCAL DEALINGS IN PAK RUPEES FOR BASE GRADE 3 STAPLE LENGTH 1-1/32" MICRONAIRE VALUE BETWEEN 3.8 TO 4.9 NCL			
Rate For	**Ex-Gin Price**	**Upcountry Expenses**	**Spot Rate Ex-Karachi**
37.324 Kgs Equivalent	**6,850**	**135**	**6,985**
40 Kgs	**7,341**	**145**	**7,486**

DAWN

Wednesday, 31st 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	133.96	134.22	135.70	137.20
Euro	116.30	116.52	117.60	119.10
S.Arabia	27.86	27.92	28.15	28.35
UAE	28.45	28.50	28.80	29.00
Japan	0.9425	0.9443	0.9467	0.9667

*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 29

Three months	1.20178 %
Six months	1.41378 %

THE NEWS
Wednesday, 31st May, 2017

Govt borrowing surges 69.43pc to Rs850bln in July-May

KARACHI: To beat rising gap between income and expenditure, government borrowing from banks rose 69.43 percent in less than 11 months of the current fiscal year, the central bank's data showed on Tuesday.

The government borrowed Rs850 billion from commercial banks for budgetary support between July 1, 2016 and May 19, 2017, compared with Rs502 billion in the corresponding period of the last fiscal year.

Analysts said the government continued borrowing from the banks to fund its spending following shortfalls in tax and non-tax revenues and below-than-expected foreign inflows. It borrowed an amount of Rs869 billion from the State Bank of Pakistan (SBP) during the period under review.

Non-tax revenues have declined due to fall in inflows from the coalition support fund. However, the federal government had repaid Rs188 billion in debts to the central bank a year earlier.

The pace of public sector borrowing from the central bank remained higher since the first quarter of FY17 right after the conclusion of the International Monitory Fund-backed Extended Fund Facility programme.

In FY17, the government was to borrow Rs741.3 billion from banks to meet budget-related expenditures, which was higher than the actual target of Rs452.9 billion set for the current fiscal.

"It [the government] has already missed the annual target of Rs741.3 billion bank borrowing, indicating that its requirement to borrow from banking sources is higher than what was estimated in FY17 budget," said an analyst.

"The bulk of the government borrowing is fetched through treasury bills and Pakistan Investment Bonds." The government has planned to borrow Rs390.1 billion from the banks in the next fiscal year, staring July 1.

Some analysts see public sector borrowing from the banks those of the SBP to remain high as the government wants to continue taking advantage of low interest rate environment. "It's more likely to give preference to the banks over non-bank sources for raising funds in the next fiscal year," another analyst said.

They also suggested the government to fund spending from taxation as huge bank borrowing would push the state of domestic debt and budget deficit up. "As elections are due next year, the government will as usual add more to public spending and hence witness further deficit overshoots," the analyst said.

The government has announced it would allocate Rs1 trillion for the federal Public Sector Development Programme. This would be 40 percent higher than revised estimates of Rs715 billion for the current financial year.

Initial calculations from renowned economists suggest the budget deficit could reach almost six percent of the gross domestic product against the official target of 4.1 percent in FY18. The budget deficit stood at 4.2 percent in FY17.

THE NEWS
Wednesday, 31st May, 2017

Cotton firm

Karachi

Trading picked up at the Karachi Cotton Exchange on Tuesday, 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 deals of the last few days were reported in trade activity on Tuesday. “These deals were made on Sunday, Monday and Tuesday,” he said. “Proper situation of trade activity will be clear after a couple of days. Currently, the activity is slow.”

Mills are preparing for the arrival of new crop, which would start with Sindh’s cotton from the middle of June and the arrivals will pick up the pace in July, he added. The cotton market recorded three transactions of around 3,000 bales at Rs6,775 to Rs7,200/maund.

The Nation on Web
The Nation
Wednesday, 31st May, 2017

Budget offered nothing for industrial growth, boost in exports

Our Staff Reporter

LAHORE - The All Pakistan Textile Mills Association (Aptma) has said that it is impossible to achieve the export target of 12 percent of GDP, given the non-serious attitude of the government.

The target cannot be achieved by allocating merely Rs4 billion in the budget against Rs180 billion Prime Minister's Textile Industry Package announced on January 10, 2016. The textile industry stakeholders deplored that the federal budget 2017-18 has offered nothing for industrial growth and increase in exports. Instead of announcing initiatives for immediate restoration of textile industry's viability, the government has further burdened it with increase in turn over, customs duty and sales tax on import of cotton and levy of further taxes.

The industry is already plagued with liquidity crunch amidst uncertainty relating to the clearance of billions of rupees sales tax refunds. They said both the current account and trade deficits could be minimised by strengthening the textile industry, which has potential of earning precious foreign exchange for the country.

The government should ensure enabling environment for industry and new investment on priority, they stressed. They mentioned that the high cost of doing business was already shutting out feeble manufacturing units one after another. The government should also protect domestic commerce through tangible measures to check dumping of textile raw materials and products, the Aptma spokesman said.

He said the textile industry was a major contributor to the country's exports and appealed to the prime minister to allocate funds to honour his Rs180 billion textile package, which was announced earlier this year. The textile industry is in dire need of viability restoration, he added. He said the textile value chain associations are up in arms against such an anti-industry, anti-investment and anti-export budget.

The Nation on Web
The Nation
Wednesday, 31st May, 2017

Improving well being of public priority: Dar

NNI

ISLAMABAD - Federal Finance Minister Senator Ishaq Dar on Tuesday said that improving the well-being of the general public and addressing their needs is the main priority of the budget for Fiscal Year (FY) 2017-18.

“Like each year, the present government has held comprehensive consultations with all stakeholders and various experts during budget preparations this year,” he said while chairing a meeting on matters related to Finance Division in Islamabad.

The Minister congratulated the officials of Finance Division on successfully undertaking all budget related activities, culminating in the budget speech by the Finance Minister and the laying of Finance Bill 2017 in Parliament. He appreciated the commitment and hard work of the team at Ministry of Finance which had resulted in successful and timely completion of budget preparations.

He expressed the confidence that, “The ongoing budget session will conclude smoothly, and reiterated that all constructive suggestions from parliamentary colleagues will be welcomed and given due consideration before the final approval of the budget.”

The Finance Minister urged the officials of Finance Division to continue the hard work, and undertake all necessary efforts to fulfil the targets for the ongoing fiscal year. Finance Secretary, Secretary Economic Affairs Division, and senior officials of the Ministry of Finance participated in the meeting.