ADB TEAM BRIEFED ABOUT ECONOMIC OUTLOOK

ISLAMABAD: A delegation of executive directors of the Asian Development Bank (ADB) called on Federal Minister for Finance and Revenue Ishaq Dar on Monday, said a press release. The delegation comprised Liu Weihua, ED for People's Republic of China, Noor Ahmed, ED for Pakistan, Takahiro Yasui, ED for Japan, S Angmin Ryu, ED for Korea, Shunsuke Sakugawa, Adviser ADB, Ronald San Huan, Adviser ADB and Yong Ye, Country Director, ADB. SAPM on Finance Tariq Bajwa, SAPM on Revenue Tariq Mehmood Pasha, Secretary Finance senior officers from Finance Division participated in the meeting.

The Finance Minister welcomed the delegation and appreciated the ADB's role and support in promoting sustainable development in Pakistan. The minister informed the delegation about the economic outlook of the country and challenges being faced by the country coupled with physical and financial losses due to devastating floods last year. Dar apprised the delegation that the present government with its pragmatic policy decisions has not only arrested the decline but has also steering the economy towards stability and growth. He also shared that the government has taken difficult decisions in key sectors including the energy sector in order to reduce budgetary and current account deficits and increase revenue generation. The finance minister also informed about the talks held with IMF Mission and reiterated the commitment of the government to complete the existing IMF programme and fulfil all the international obligations.

The ADB delegation appreciated the reforms introduced by the government and policy decisions in important economic sectors for achieving sustainable economic development. The delegation also exchanged views on climate financing and environment protection. The delegation extended the ADB's all-out support and cooperation to Pakistan. In the end, the Finance Minister expressed gratitude to the ADB delegation for their persistent support and continuous cooperation.

SBP DECIDES TO CONVENE EMERGENT MPC MEETING THIS WEEK

KARACHI: The State Bank of Pakistan (SBP) has decided to convene an emergency meeting of the Monetary Policy Committee (MPC) during this week to deal with the emerging risks to the economy due to uncertain developments. Sources told *Business Recorder* on Monday that most probably the meeting of MPC will be held on March 2, 2023 instead of March 16, 2023 to review the key economic indicator and take a decision on interest rate. "Multiple and unexpected developments on the economic front have forced the SBP to call the MPC meeting coming Thursday," they added.

Chief Spokesman Abid Qamar has not confirmed the exact date; however, he said there is possibility of an MPC meeting during this week. "So far we can't confirm any date because there is a process that needs to be completed for the meeting," he added.

In the previous meeting held on January 23, 2023, the committee increased the policy rate by 100 basis points to 17 percent as the inflationary pressures were persisting and continue to be broad-based. The next MPC meeting was scheduled on March 16, 2023, however heightened policy uncertainty, market was anticipating an emergency monetary policy meeting before schedule, ie, on March 16, 2023 and now, the MPC meeting is going to be held on March 2, 2023.

Since the last monetary policy meeting, there have been a number of developments on the economic front. On the IMF demand, the federal government has taken some measures to enhance the revenue collection. The government has not only increased the rate of petroleum products and gas tariff but also raised the sales tax rate by 1 percent, ie, from 17 percent to 18 percent. These steps have raised risks to the inflation outlook. As per the market expectations, inflation continues to make new highs and is expected to clock in at 30.5 percent YoY in Feb 23 compared to 12.2 percent in Feb 22 and 27.5 percent in preceding month.

The increase in inflation is led by increase in food and transport index due to upward revision of petroleum products. Overall, in the first eight months of this fiscal year inflation is likely to be 26 percent against 10.5 percent in the same period of last fiscal year. Sources said despite these measures IMF's long pending staff level agreement for the 9th review of Extended Fund Facility (EFF) is still pending and the Fund is demanding further monetary tightening to control the inflation.

Cut- off yields of Market Treasury Bills (MTBs) have already risen to 19.95 percent in the previous auction and yields in all three tenors are at their historic high levels since Jun'98. On the back of these developments, the market is also expecting some 200-300 basis points increase in the key policy rate in the next MPC meeting to be held on Thursday. The committee has already mentioned in the previous policy statement that anchoring of inflation expectations is important to achieve the medium term inflation target of 5-7 percent by December 2024 and requires coordinated monetary and fiscal policy efforts.

R 28-2-2023

DISCOS WILL NOT BE PRIVATIZED: 'BIG CONSUMERS' TO BE SWITCHED TO ADVANCED METERING INFRASTRUCTURE SYSTEM BY JUNE

ISLAMABAD: The National Assembly Standing Committee on the Power Division, on Monday, was told that the distribution companies (DISCOs) were not being privatised.

The committee, chaired by Sardar Mehmood Khan Mazari, was further informed that recovery of those feeders with losses will be outsourced alone.

Minister for Power, Khurram Dastgir said that it was imperative to eradicate power pilferage in order to reduce power tariffs.

"All big consumers will be switched to the Advanced Metering Infrastructure (AMI) System by June," he added.

"Over 150,000 'big' consumers will be monitored live through the AMI System. Cheap electricity will be generated via solar energy while the quantity of electricity based on costly imported fuel will be minimised," said Khurram.

The minister added that a point was being set up in Southern Punjab to control power breakdowns, as electricity was supplied from the South to the North during winter season. "A cut-out point will be set up to control country-wide power outages," he said.

"The National Transmission and Despatch Company (NTDC) will set up cut-out points for power blackouts," he said, adding that "There are some feeders in the country where 98% of the people are not paying their bills. Line losses cannot be reduced without IT-based monitoring of the transmission system."

The minister also added that the bills deferred last year will be recovered from the consumers. "Thar coal is being used in power generation and 1,980 MW of electricity is being generated through local coal," he said, adding that the total power generation from local Thar coal is likely to go up to 2,640 MW in the coming summer season. Briefing the NA Panel, NTDC officials explained that line losses had witnessed an upward trend in the last five years. Power theft and technical NTDC losses, however, were not included in the trend. Briefing the committee on a budgetary proposal for FY24, the officials said that the power ministry is seeking Rs298 billion for 102 development projects under the Public Sector Development Programme (PSDP). Of these, 81 are ongoing while 21 are new schemes. Out of the total, Rs122 billion was proposed under the local component while Rs176 billion was foreign.

TR 28-2-2023

GOVT TO RECOVER UP TO RS14.23 PER UNIT IN FUEL COST FROM CONSUMERS

ISLAMABAD: Energy Minister Khurram Dastgir Khan on Monday told the parliament that the government would recover Rs9.90 to Rs14.24 per unit outstanding fuel costs from consumers of less than 300 units in an 8-month staggered schedule. Mr Dastgir said an additional surcharge of Rs3.82 per unit would also be imposed on those using above 300 units to fund power sector loans under the insistence of the International Monetary Fund (IMF). Testifying before the National Assembly's Standing Committee on Power, Mr Dastgir said the government had to satisfy the IMF on each and everything of the power sector after discussing all the facts and figures as the fund wanted an immediate increase in electricity rates to reach an agreement for an economic bailout.

The meeting of the panel was presided over by MNA Sardar Riaz Mehmood Khan Mazari. In addition to this substantial fund-raising from the consumers, the Power Division has also sought about Rs300 billion in next year's budget for development projects to overcome system challenges like theft control and technical loss reduction. The power minister said the pending dues on account of fuel cost adjustments of June and July last year, postponed due to floods, would be recovered while a financing cost surcharge would be imposed on consumers with over 300 units to finance debt parked against power holding company. It may be noted that the Power Division has already asked the National Electric Power Regulatory Authority (Nepra) to issue a new tariff schedule so that Rs10.34 per unit on protected consumer category of up to 200 units and Rs14.24 per unit on non-protected consumers of up to 300 units over eight months – starting from March to October 2023 – at a rate ranging between Rs2.75 to Rs1.50 per month.

The regulator is expected to complete formalities in the first week of March. These charges stood recovered from bigger consumers of 300 units and above per month but were postponed for others due to floods. Separately, the government has also committed to the IMF to finance over Rs800bn worth of power sector debt through the imposition of Rs3.82 per unit financing cost surcharge.

The minister said the government was now working on a strategy to contain fuel costs by producing maximum electricity from solar energy in the daytime to minimise production from expensive imported fuel oils. Also, Mr Dastgir said the government was not going for privatisation of distribution companies and would instead outsource loss-making feeders for recovery. He said the loss reduction and theft control would have to be dealt with because theft control was one of the most important factors for tariff reduction as such factors contribute to a rate hike. He told the panel that there were feeders where 98pc bills could not be recovered and the committee could be given an in-camera briefing on billing and theft of such areas. He said the technology would also play an important role in this regard and large consumers would be shifted to smart advanced meters by June this year that would help real-time live monitoring of about 150,000 large consumers. The panel asked the Power Division to work out a mechanism to bring load-shedding at the micro level instead of shutting down entire feeders. It also asked the Power Division to submit a draft of changes to be brought into the Electricity Act 1910 to avert damages caused due to high-tension transmission lines passing over inhabited areas. The panel cleared the Rs298.44bn Public Sector Development Programme (PSDP) proposals of the Power Division for 2023-24.

Dawn 28-2-2023

FIRST HALF OF MARCH: FUEL PRICES MAY BE KEPT UNCHANGED BY ADJUSTING PL

ISLAMABAD: The federal government may keep the prices of fuel unchanged in the first half of March (1-15) by adjusting the petroleum levy (PL) and cost of supply of Pakistan State Oil (PSO), sources said.

According to oil marketing companies' estimates, the price of high-speed diesel has recorded a decline in price by Rs21.69 per litre from Rs280 to Rs258.31 per litre. The working is based at platts prices, PSO exchange rate adjustment of Rs10 per litre, and the current rate of PL and the general sales tax (GST). The ex-depot price of petrol may also roll back by Rs7 per litre from Rs272 to Rs264 per litre. The other products kerosene oil (KERO) has supposed to come down by Rs22 per litre from Rs202 to Rs179 per litre and light diesel oil (LDO) by Rs13 per litre from Rs196 to Rs183 per litre.

The government may opt to adjust the reduction by raising the PL on HSD by Rs10 from Rs40 to Rs50 per litre. In order to meet a shortfall in revenue, the government is likely to increase the rate of the PL. While the government had targeted a collection of Rs855 billion on account of PL, its projected collection only amounted to Rs680 billion. Therefore, in order to bridge this gap of Rs175 billion, the government decided to increase the rate of PDL by Rs5 per litre on diesel from March 1 and Rs5 per litre from April 1, 2023, sources said.

The government has been charging Rs50 levy per litre on petrol since November 2022 and High-Octane Blending Component (HOBC). Diesel, widely used in the agriculture and transport sectors, has a monthly consumption of over 500,000 metric tonnes. In the 28 days of February, consumption was estimated at 565,000 metric tonnes. The price increase, however, is most likely to affect farmers entering crop sowing season – during which ordinarily consumption increases.

The oil industry has claimed that it has faced a huge loss of Rs35.88 billion in the wake of artificial control of the government over petroleum product prices. Of the total loss of around Rs36 billion, currency exchange loss is estimated at Rs32.6 billion for the second fortnight of February 2023 owing to the artificial adjustment of oil prices. Separately, the industry is incurring a loss of about Rs3 billion on account of customs duty and Rs300 million due to low margins. The total loss does not include the impact of the rupee-dollar exchange loss.

R 28-2-2023

SECP ALLOWS E-VOTING FOR DIRECTORS' ELECTION

ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) has allowed e-voting system for the election of directors and other matters related to registered and listed companies.

The amendment has been made in the "Companies (Postal Ballot) Regulations 2018", by giving the additional option to voters who cannot attend the board meeting physically. Under the regulations, the company has to maintain a record of the emails and mobile numbers of members and the board for e-voting purposes.

The regulations have elaborated the procedure for the appointment of e-voting service provider and other information of foreign shareholders to enable them to cast vote through e-voting.

The regulations said that under the provisions where a poll is required in the general board meeting, the company has to forward complete information to all members within seven days starting from the day on which it is demanded. The information includes the web address, login details, password, date of casting e-vote and other necessary details through email, security codes through SMS from the web portal of e-voting service provider or the electronic signature. Under the regulations, the company has to ensure that agenda items for which the poll was demanded are correctly uploaded to the web portal of e-voting service provider and resolve any grievances of members to enable them to cast vote through e-voting.

The company has to maintain a backup to prevent data loss, and the company which is operating the e-voting procedure is not an associated company or associated undertaking or related party of the company appointing it as an e-voting provider.

The procedure for e-voting includes maintaining the facility for e-voting open for at least three days and close at 1700 hours PST on the date preceding the date of the poll.

Dawn 28-2-2023

FGEHA TO LAUNCH RESIDENTIAL PROJECTS IN EIGHT CITIES

The Federal Government Employees Housing Authority (FGEHA) will shortly start new residential projects in eight major cities of the country to provide housing to government employees and general public. "The authority has already received several applications from land owners, companies and firms interested in the mega projects," sources in the FGEHA told APP.

They said the applications were invited from land owners, developers, firms and eligible individuals for the supply of land for housing schemes (plots, houses and apartments) projects in major cities of the country. The procedure for applications and selection was being followed as per Joint Venture Regulations 2020, they added. They said the authority was planning to launch new residential projects in eight major cities of the country, including the twin cities Rawalpindi and Islamabad. Other cities are Lahore, Peshawar, Quetta, Multan, Faisalabad and Karachi. "The new housing projects will be started for federal government employees and the general public on the basis of a joint venture," they added. To a question, they said the pace of different development projects, being executed under the FGEHA, had been accelerated significantly to provide modern residential facilities to employees in the shortest possible time. "There are 3,432 apartments in Chaklala Scheme, while the Skyline Apartments comprise a total of 3,945 units," they added.

They said that Minister for Housing and Works Maulana Abdul Wasay was also taking a "keen interest to provide housing facilities to the employees," as he directed the officials concerned to expedite the ongoing projects under the umbrella of FGEHA, including Kashmir Avenue Apartments, G-13 Chaklala Heights and Skyline Apartments.

The sources said that the minister directed the staff on the site to ensure "quality and timely completion", adding construction work on both schemes was going at an accelerated pace.

Times 28-2-2023

UK PM STRIKES NORTHERN IRELAND DEAL WITH EU

LONDON: British Prime Minister Rishi Sunak struck a new deal with the European Union on post-Brexit trade rules for Northern Ireland on Monday and said it would pave the way for a new chapter in London's relationship with the bloc.

Standing alongside European Commission President Ursula von der Leyen at a news conference in Windsor, Sunak said the two sides had agreed to remove "any sense of a border" between Britain and its province - a situation that had angered politicians on both sides.

The agreement marks a high-risk strategy for Sunak just four months after he took office. He is looking to secure improved relations with Brussels - and the United States - without angering the wing of his party most wedded to Brexit. He immediately won plaudits from business groups who welcomed the easing of trade rules, and a promise from von der Leyen that she would be willing to allow British scientists to join a vast EU research programme if Sunak can get the deal past his party.

The success of the deal is likely to hinge on whether it convinces the Democratic Unionist Party (DUP) to end its boycott of Northern Ireland's power-sharing arrangements. These were central to the 1998 peace agreement which mostly ended three decades of sectarian and political violence in Northern Ireland. "I'm pleased to report that we have now made a decisive breakthrough," Sunak said, adding they had agreed to change the original deal for Northern Ireland, known as the protocol, to create the "Windsor Framework". "This is the beginning of a new chapter in our relationship."

The issue has been one of the most contentious regarding Britain's departure from the European Union in 2020. A return to a hard border between the province and Ireland, an EU member, could have could have jeopardised the peace deal known as the Good Friday Agreement. Sunak is likely to talk up the fact he has secured a so-called "Stormont brake", which he said would allow Stormont - the regional assembly - to stop any "changes to EU goods rules that would have significant and lasting effects on everyday lives".

R 28-2-2023