

HIGHER INFLATION: HIKE IN NSS PROFIT RATES UNLIKELY TO ATTRACT INVESTORS

ISLAMABAD: The recent increase in profit rates of savings accounts is unlikely to attract investors to products on sale in National Savings Schemes due to high inflation in the country. This was stated by a source in the Finance Ministry on condition of anonymity by arguing that when inflation is as high as it is today sustaining consumption at current levels to the extent possible is the priority while savings are out of the question. Data on the State Bank of Pakistan (SBP) website indicates that NSS (net of prize bonds) was Rs 3,480 billion in February 2022 declining to Rs 2,948.2 billion in January 2023 and to Rs 2,915.7 billion by February this year.

The official from the Finance Ministry further contended that there are no signs of a possible decline in inflation in the coming months and acknowledged that the government is the sole borrower from NSS.

Profit rates of NSS schemes are linked to movement of Treasury bills (T-Bills) and Pakistan Investment Bond (PIB) rates he stated adding that the government recently raised returns on existing schemes and is planning to introduce new products of saving schemes to attract investment.

The federal government raised the profit rate on national savings schemes effective on April 10. Former Finance Minister Dr Hafeez Pasha termed the increase in profit rates of NSS positive for two reasons: it incentivises people to invest their saving and these savings would help create a secondary capital market which is the need of the hour for the benefit of the people. The rate of profit on Behbood Savings Certificates (BSC) has been increased by 2.64 percent to 16.56 percent and the profit rate on Special Savings Certificates (SSC) has been increased by 3.93 percent to 17.13 percent.

The Regular Income Certificates' profit rate has increased by 24 basis points to 12.84 percent and the Savings Account (SA) has gone up by 5 percent to 18.50 percent. The rate of return on Defence Savings Certificates (DSC) has been increased by 2.61 percent to 14.87 percent. After the revision, the federal government raised the profit rate on Shuhada Family Welfare by 16.56 percent, Saving Accounts by 18.50%, Pensioners Accounts by 16.56 percent, as well as for the Short-term Saving Certificates.

RS143.7BN RAISED VIA AUCTION FOR PIBs

KARACHI: The federal government raised Rs 143.7 billion through the sale of long-term government securities against the target of Rs 100 billion.

The auction for sale of 3-, 5-, 10-, 15-, 20- and 30-year Pakistan Investment Bonds (PIBs) was held Wednesday (Apr 12) with settlement date of Apr 13, 2023. Overall, the State Bank of Pakistan (SBP) received bids amounting to Rs 326.5 billion for 3-, 5- and 10-year. No bid was submitted for 15-, 20- and 30-year long-term investment bonds. Some Rs 164.847 billion worth bids were received for 3-year PIBs, Rs 43.8 billion for 5-year and Rs 118 billion for 10-year government papers.

The federal government borrowed Rs 142.572 billion through the sale of 3-year PIBs and its cut-off yield was set at 18.3899 percent, up by 34 basis points. All bids for 5- and 10-year bonds were rejected. In addition, some Rs 84.79 billion were raised through non-competitive bids of 3-year PIBs. The total borrowing through long-term investment papers reached Rs 143.74 billion.

FM CALLS FOR REINVIGORATING ROLE OF PDF AND SOEs

ISLAMABAD: Federal Finance Minister Ishaq Dar has stressed the need for reinvigorating the role of Pakistan Development Fund (PDF) and State-Owned Enterprises (SOEs) by linking business plan, governance structure and financial viability with the concept of accountability to safeguard the public.

The minister was chairing a meeting on the Securities Exchange Commission of Pakistan's matters at the Finance Division on Wednesday. SAPM on Finance Tariq Bajwa, SECP Chairman Akif Saeed and senior officers from the Finance Division attended the meeting.

The meeting discussed and reviewed the progress of the SECP related to the role of PDF and the SOEs. The meeting also discussed modalities for bringing improvement in the governance of SOEs and line ministries and restructuring of PDF in order to revitalise its role to promote infrastructure in the country in the context of the SOE Act, 2023.

NEPRA APPROVES POSITIVE ADJUSTMENT IN DISCOS' TARIFFS

ISLAMABAD: The National Electric Power Regulatory Authority (Nepra) has approved positive adjustment of 47 paisa per unit in Discos tariffs to recover additional amount of Rs 15.454 billion from consumers during second quarter of current fiscal year under Quarterly Tariff Adjustment (QTA) formula. The positive adjustment will be recovered in April, May and June 2023. However, no quarterly adjustments would be passed on to B1, B2, B3 and B4 industrial consumers to the extent of incremental sales till continuation of the package, in line with the Authority's decision of December 01, 2020.

The Nepra held a public hearing on February 22, 2023, which was attended by the representatives of business community and others.

The CPPA-G submitted that it is engaged in local and international legal proceedings in its capacity as agent of Discos, the litigation charges incurred by the CPPA-G on behalf of Discos are passed on to Discos in accordance with the Article III of Power Procurement Agency Agreement (PPAA) between CPPA-G and Discos dated June 03, 2015.

The CPPA-G in its data included amount of Rs 91.7 million on account of capacity charges of Kapco. The Authority noted that Kapco's PPA was amended by CPPA-G, wherein it was agreed that plant will be operated without payment of capacity charges from July 2021 onward and only energy charges would be paid. Upon inquiry from the CPPA-G regarding inclusion of capacity charges of Rs 91.7 million of Kapco, it was submitted that claimed cost is on account of truing up of costs pertaining to previous periods as per the PPA.

The CPPA-G, although provided some detail in this regard, however, the Authority has decided to provisionally not consider the claimed amount of Kapco and would consider it in the subsequent quarterly adjustments, once the same is verified. Accordingly, the amount of Rs.91.7 million has been deducted from the claim of Discos.

The Authority decided to restrict the amount of quarterly adjustment for the second quarter of FY 2022-23, as requested by the Discos on account of variation in capacity charges, variable O&M, Use of System Charges (UoSC) and Market Operator Fee (MOF). Regarding FCA impact on T&D losses, since the Authority's decision in the matter of monthly FCA for December 2022 was not finalised till the submissions of quarterly adjustment requests by Discos, therefore, it has been worked out based on the approved monthly FCAs. Similarly, for working out the impact of recovery of fixed cost on incremental sales, the data of incremental units as provided by the CPPA-G has been considered, as few of the Discos did not provide the required information in their adjustment requests.

R 13-4-2023

DISCOS ALLOWED TO EXTRACT ADDITIONAL RS15BN FROM POWER CONSUMERS: AROUND 100 PLANTS PAID RS99BN IN CAPACITY PAYMENTS IN OCT-DEC DESPITE MOST OF THEM OPERATING AT BELOW 20PC

ISLAMABAD: With almost two-thirds of power plants operating at less than 20 per cent utilisation factor, the National Electric Power Regulatory Authority (Nepra) on Wednesday notified ex-Wapda Distribution Companies (Discos) to charge 47 paisa per unit to their consumers to mop up Rs15.5 billion in additional funds under the quarterly tariff adjustment (QTA) mechanism.

Nepra in a notice said it had allowed the positive quarterly adjustments of Rs15.454 billion for the second quarter (October-December) of 2022-23, to be recovered from the consumers in three months i.e. April, May and June.

The Nepra order showed that about Rs99bn was paid to a total of 96 power plants on account of capacity payments during the second quarter (October-December) of the current fiscal year and only about 37pc of them could be operated at more than 20pc capacity utilisation, raising a question mark on the efficiency of the country's generation capacity and those running them and managing the power sector.

The increase was sought by the Discos on account of capacity charges, market operator fee, the impact of additional sales under incremental sales incentive scheme for the industrial sector, the use of system charges, market operator fee, transmission and distribution losses on account of fuel cost adjustment, variable operation and maintenance charges for the 2nd quarter. Under the decision, no quarterly adjustments would be passed on to B1, B2, B3 and B4 industrial consumers to the extent of incremental sales till the continuation of the package as per the December 2020 decisions of the government.

The demand for the highest quarterly adjustment of Rs6.7bn came from Gujranwala Electric Power Company (Gepco), followed by Rs6.35bn from Lahore Electric Supply Company, Rs4.6bn from Faisalabad Electric Supply Company and Rs2.39bn from Multan Electric Power Company. Hyderabad Electric Supply Company's positive QTA stood at Rs1.74bn, followed by Islamabad Electric Supply Company with Rs1.32bn and Tribal Electric Supply Company Rs1.3bn.

On the other hand, three Disco's namely Sukkur Electric Power Company, Peshawar Electric Supply and Quetta Electric Supply Company had sought a reduction in QTA worth Rs3.5bn, Rs1.96bn and Rs1.6bn. Based on balance sheets and revenue requirements, all the Discos had sought their separate quarterly tariff adjustments but given the uniform national tariff in place across the country, the regulator besides determination of Disco wise rate of quarterly adjustment, also worked out the uniform rate of 47 paise per unit increase for the quarterly adjustments to be charged to all consumers in the billing months of April, May and June 2023.

The regulator pointed out in its order that the Central Power Purchasing Agency (CPPA) had also sought an amount of Rs92 million on account of capacity charges of Kot Addu Power Company. It noted that Kapco's power purchase agreement (PPA) was amended by CPPA under which it was agreed that the plant will be operated without payment of capacity charges from July 2021 onward and only energy charges would be paid. It said CPPA said it claimed these charges "on account of trueing up of costs pertaining to previous periods as per the PPA".

Neptra said the CPPA also provided some detail in this regard but it was decided to provisionally not consider the claimed amount of Kapco and take it up in subsequent quarterly adjustments. Under the tariff mechanism, changes in fuel cost are passed on to consumers only on monthly basis through the automatic mechanism, while quarterly tariff adjustments on account of variation in the power purchase price, capacity charges, variable operation and maintenance costs, use of system charges and including the impact of transmission and distribution losses are built in the base tariff by the federal government.

Dawn 13-4-2023

SINDH DECIDES TO SET UP SINDH ELECTRIC POWER REGULATORY AUTHORITY 'SEPPRA' TO END 'ENERGY POVERTY'

KARACHI: Sindh Chief Minister Syed Murad Ali Shah, presiding over a cabinet meeting at CM House, decided to establish a Sindh Electric Power Regulatory Authority (SEPPRA) to improve energy equity and eliminate "energy poverty" in the province.

Minister Energy Imtiaz Shaikh briefing the cabinet said that Sindh was blessed with an entire value chain of energy resources inter-alia coal, solar, and wind, with cost-effective access through air, land, and sea routes, which could be utilized for the generation of electricity, wheeled through the transmission network of Sindh Grid Company to meet the demand of household, commercial and industrial consumers of the province at affordable prices. He said that constraints are faced by the provincial power projects, especially the renewable projects of wind and solar development, within the national framework in terms of non-inclusion in the Indicative Generation Capacity Expansion Plan 2021 (IGCEP 2021), and lack of further processing by the federal entities.

The meeting was told that it was imperative that a holistic legal, policy, and regulatory framework for generation, transmission, distribution and regulation is formulated so that energy equity was improved and energy poverty in the Province was eliminated.

The cabinet was told that under Section (7)(4) of the Neptra Act 1997 the provinces have been allowed to construct power houses and grid stations and lay transmission lines for use within the province and determine the tariff for the distribution of electricity within the province. The cabinet after a thorough discussion approved the establishment of the Sindh Electric Power Regulatory Authority.

However, Minister Transport Sharjeel Memon told the meeting that Karachi BRT Red Line Project was being implemented in collaboration with ADB and co-financer including AIIB, AFD, and GCF, at a cost of \$503.2 million. He said that Trans Karachi was an implementing agency for this project. The BRT project corridor passes through urban areas of the megacity originating from Malir Halt and terminating at Tower via Malir Cantonment, Safoora, University Road, and Numaesh.

The land of Aladdin Park which has been identified to be used as the project's other depot. At the request of the Transport dept, the cabinet approved the proposal to provide 16-acre land of Aladdin Park to the transport dept to develop it as a bus depot/ staging facility. The features of the bus depot include a bus parking facility, bus inspection area, filling station (biogas), workshop, offices, bus wash, and vacuum facility, watch towers, security, and main entry gates, a water recycling plant, and fire pump room.

The cabinet also directed the transport dept to take over the land of the slaughterhouse to establish a biogas plant for the BRT Red Line project.

The provincial cabinet also approved Rs246.678mn subsidy for the Peoples Bus Service to meet the fare difference. On the proposal of Minister Labour Saeed Ghani the cabinet approved the fixation of minimum wages for three categories of skilled workers, semi-skilled and highly skilled workers employed in 42 industries.

The new rate as approved by the cabinet would be effective at a rate of Rs26,000 for semi-skilled workers, Rs31,961 for skilled workers, and Rs33,491 for highly skilled workers with retrospective effect from January 2023.

The CM said that the new wages for the workers of different categories would be considered from the next financial year.

Minister Revenue Makhdoom Mahboob told the cabinet that the Federal Board of Revenue (FBR) intended to sign a bilateral agreement for data sharing with the Board of Revenue Sindh to develop an effective mechanism for the exchange of information between different public sector organizations for optimum revenue generation under the World's Bank "Pakistan Raises Revenue" Program. It was pointed out that the agreement had been signed with the FBR on April 6; therefore, the cabinet granted post-facto approval.

Health Minister Dr Azra Pechuho told the cabinet that the Governing Body of HANDS has proposed the establishment of a Degree Awarding Institute, HANDS- Institute of Development Studies (HANDS-IDS), at Gadap. She added that Sindh HEC has recommended the grant of the Charter. The cabinet approved the proposal and referred it to the assembly. The cabinet on the recommendation of the health dept appointed Justice Abdul Rasool Memon and Dr Ghulam Rasool Shah as Commissioners of the Sindh Healthcare Commission.

The meeting was attended by provincial ministers, advisors, special assistants, Chief Secretary Sohail Rajput, Chairman P&D Hassan Naqvi, PSCM Fayaz Jatoi, and other concerned officers.

SECP ISSUES 'WHITELIST' OF DIGITAL LENDING APPLICATIONS ON ITS WEBSITE: DOCUMENT WILL ASSIST GOOGLE PLAY STORE IN ALLOWING APPROVED APPLICATIONS ON ITS PLATFORM

In pursuance to Google's updated policy for digital lending apps in Pakistan, the Securities and Exchange Commission of Pakistan (SECP) on Wednesday published the Whitelist of Digital Lending Applications on its website. Initially, the SmartQarza app has been approved, which is a licensed non-banking financial companies (NBFC) with the name of Gold Lion Financial Private Limited.

In addition, three others applications – Udhar Paisa Safe & Reliable Loan (licensed NBFC as Mirco Cred Financial Services Ltd), Zaroorat Cash (Humraah Financial Services Limited) and Barwaqt (Seedcred Financial Services Limited) – have applied for approval and are being evaluated by the SECP.

Sources in the SECP stated that 10 other licensed digital apps have been asked to apply for approval. The whitelist will serve as a reference point for Google during listing of the companies on Play Store from. After May 31, 2023, apps that have not been approved by SECP will no longer be available for use or download on the Play Store. The whitelist will be updated when a digital application gets approved or rejected by SECP.

The list contains the names of approved apps owned by licensed NBFCs, as well as the applications of licensed NBFCs which were operating till December 27, 2022 and have applied for approval. Cyber security certification from a PTA approved firm is needed to certify that the apps do not gain access to customers' personal data.

Circular 15 mandates compliance with digital lending standards, inter-alia the placement of adequate cybersecurity measures and controls to ensure confidentiality, integrity and the restriction from accessing borrowers' phone books or photo galleries.

The SECP has asked all NBFCs engaged in digital lending activities to comply with the updated requirements specified in Circular 15 and submit the required documentation for app approval at earliest to avoid any inconvenience. Potential borrowers are also told to verify the app status from SECP's whitelist before signing up on any digital lending app.

Several people have complained that the digital lending apps have been using unethical ways to recover loans, accessing customers' personal data and charging higher rates than advertised. Last month, the Competition Commission of Pakistan (CCP) warned the general public about rising trend of fraudulent mobile app-based micro-credit and nano-loan facilities that are targeting vulnerable consumers, belonging to the lower- to middle-income groups

The initial finding of CCP revealed that these applications have been downloaded over 10 million times. It said that there are over 30 applications under its investigation.

SINDH FOOD AUTHORITY (SFA) TO REGISTER FOOD PRODUCTS FROM 15TH MAY: DG SFA

Karachi: Director General Sindh Food Authority (SFA) Agha Fakhar Hussain has said that SFA has decided to start the registration process of Food products / brands of all pre packed food items from 15th may as per the vision of Sindh Food Minister Mukesh Kumar Chawla to make authority fully functional. Those who do not get their products registered under SFA, will face legal action as per SFA Act 2016, rules, laws, and regulation. This he said while visiting Pakistan Standard Quality Control Authority (PSQCA) HQ at Gulistan e Jauhar. DG SFA had a meeting with Director Quality Control Center (QCC) Dr Tahira Zaheer & other officers. On this occasion Director SFA Masood Bhutto, Director Technical Ahmed Ali Shaikh and Dr Seema Ashraf were also present.

The purpose of the meeting was to discuss issues related to Food Products Brand Registration and joint working with Federal Food Authority (PSQCA). DG SFA Agha Fakhar Hussain further said that SFA would work in various sectors in collaboration with Fedral Food Authority to provide better food items to the people of Sindh. Moreover, Sindh Food Minister Mukesh Kumar Chawla has directed to make sure provision of quality food and take actions against those who are involved in food adulteration or selling substandard food items. During the meeting it was also decided that officials of SFA would be allowed to utilize lab of QCC for the purpose.

DG SFA Agha Fakhar Hussain said that SFA administration trying to take all stake holders on board to improve its efficiency for the provision of safe, hygienic and adulteration free food to general public of Sindh.

PR 12-4-2023

CORE BANKING SYSTEMS: SBP ASKS BANKS TO SUBMIT FERS DATA

KARACHI: The State Bank of Pakistan (SBP) has asked banks to submit data of Foreign Exchange Returns (FERs) prepared through their core banking systems.

In December 2022, all banks dealing in foreign exchange were advised to develop their own information set up in core banking systems/solutions for the reporting of monthly Foreign Exchange Returns (FERs) through such systems/solutions with effect from May 2023 dataset by 4th of the following month. Now, the SBP has advised banks to submit the aforementioned data, prepared through their core banking systems, in CSV format to the Core Statistics Department.

The FERs data, prepared using MS Access Utility (Client) being submitted monthly through DAP will also continue to be reported until advised otherwise. The SBP has warned that any erroneous and/or delayed reporting to the Core Statistics Department will attract punitive action under relevant provisions of law.

REALISATION OF EXPORT PROCEEDS: TOWEL MANUFACTURERS CRITICISE SBP CIRCULAR

KARACHI: Syed Usman Ali, Senior Vice Chairman of Towel Manufacturers Association of Pakistan has expressed deep concern over the issuance of SBP FE Circular No 02 of 2023 wherein the exporters are again left facing a new difficult situation. We would like to clarify the misconception in the government circles that the exporters willingly delay their remittances from abroad in order to gain the benefits of the currency devaluation which is absolutely wrong.

It must be noted that the exporters also have liabilities to pay against their purchases which they have to pay in a timely manner in order to continue their business smoothly. The timely remittance ensures that their cash flow runs smoothly so they can continue their production and exports. Delays in the remittances cause supply chain issues which is the most difficult situation to deal with for the exporters. He further added that delayed remittance can be caused by various factors generating from the importer's side only i.e. slow sales, delayed deliveries, delayed in vessel arrivals, slowdown in remittance from the final customers, are some of the many factors due to which the importer delays the payments and none of these factors can be rectified by the exporters.

Even in cases on LCs, many times there are minor discrepancies which are identified by the importer's bank at the time of the payment. It takes a few days for the exporter to clear these discrepancies, thus causing delay in the payment. Remittances against CAD shipments can be delayed due to the late vessel arrivals, port congestion, delay from the importer in releasing the cargo, amongst many other factors. Again there is nothing the exporter can do in order to resolve these issues. If the exporters fail to repatriate their export proceeds within the specific time period then the SBP Foreign Exchange Adjudication Department (FEAD) has authorized U/s 12 (1) of FER, 1947 Acts read with Foreign Exchange Rules 1952 & notification No FE 3/2001-SBP dated 28-09-2001 which is punishable U/s 238 (4) of the said Act.

Here we raise a point as to why these rules are again notified in FE Circular No 01 of 2023 dated 13th February 2023 and FE Circular No 02 of 2023 dated 3rd March 2023. Our institutions should provide facilities and their full support for the growth of exporters rather they create hurdles for the exporters. Every sensible person knows that our prosperity is strongly linked with the growth of exports. We are requesting to the SBP to please withdraw the SBP FE Circular No 02 of 2023 immediately to provide relief to the exporters. The exporters of Pakistan are already facing a very difficult situation due to the global economic slow down, continuous increase in cost of doing business due to hyper inflation in the country, the Ukraine war etc. The State bank should try to facilitate exporter by easing their restrictions so Pakistan's sliding exports can get back on the growth trajectory. The SBP FE Circular No 02 of 2023 only causes more difficulties for the genuine exporters of this country.

The Senior Vice Chairman of TMA Syed Usman Ali urged the SBP to call a productive meeting of all Exporters Oriented Associations to discuss the SBP FE Circular No 02 of 2023 and formulate a comprehensive productive strategy for the growth of exports which is the backbone of our economy. — PR

R 13-4-2023

PUBLIC AWAITS SBP'S DECISION ON ISSUING FRESH CURRENCY NOTES FOR EID-UL-FITR

KARACHI: As the end of Ramazan approaches, Pakistanis are eagerly anticipating the celebration of Eid-ul-Fitr, which involves the tradition of giving money as a gift to loved ones, especially children. In past years, the State Bank of Pakistan (SBP) has issued fresh currency notes of different denominations to facilitate this tradition. However, due to the COVID-19 pandemic, the issuance of new notes was halted in recent years.

Currently, rumors are circulating that if the SBP does not issue fresh currency notes ahead of Eid 2023, it could lead to an economic meltdown for banks. However, it is important to note that these rumors are just speculation. Sources suggest that the SBP will announce its decision on the issuance of new notes in the coming days. If the decision is made to issue fresh notes, people will be able to obtain them easily by sending an SMS.

In the past, the high demand for fresh currency notes has resulted in a black market where notes are sold at a high price. If the SBP does decide to issue new notes, it will likely prevent the illegal trading of currency notes and alleviate the demand for black market notes. Overall, Pakistanis are eagerly waiting for the State Bank of Pakistan's decision on the issuance of fresh currency notes for Eid-ul-Fitr 2023. It will not only facilitate the celebration of the festival but also prevent illegal trading of currency notes.

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