

Sindh's PKR 1.21Tn budget presented amid opposition's protest

Sindh CM Syed Murad Ali Shah presented a PKR 1.21Tn deficit-free budget of the province for FY20. The total receipts of the province are estimated at PKR 1.21Tn against an estimated expenditure of PKR 1.21Tn. The receipts from the federal govt. will account for 74.3% of the total receipts. Mr Shah said the development portfolio for FY20 was PKR 283.5Bn which included PKR 228Bn on account of provincial and district ADP. Allocation for energy sector has been increased in non-development budget to PKR 24.92Bn. New schemes for Karachi are only six with an allocation of PKR 3.9Bn. A marble city has been planned over 300 acres of land along Northern bypass in Karachi. He said the govt. had signed big investments worth \$ 1.5Bn (over a period of five years with international development partners for high-priority sectors. The CM announced an increase of 15% in the salaries of all govt. employees and pensions and he fixed the PKR 17,000 as the minimum monthly wage in the province. *Dawn*.

PKR 1.71Bn for seven new 'mega schemes' of Karachi

The provincial budget for FY20 does not appear to bring any good news for the people of Karachi as the Sindh govt. allocated a paltry sum of PKR 1.714Bn for 7 new mega schemes for the country's commercial capital in its annual development program. While the development portfolio is set at PKR 283.5Bn for the whole province, the total amount allocated in the head of mega schemes for Karachi City (new and ongoing) stands at PKR 12.47Bn. A hefty allocation of PKR 500Mn has been made for construction of 200-foot-wide Road from Manghopir Road to Shahrah-i-Qaddafi Orangi-Surjani Link Road. PKR 965Mn have been allocated for Red and Yellow lines bus rapid transit system projects. The budget books also mentioned the revival of long-delayed KCR project and the project would be financed under CPEC at an estimated cost is \$ 1.97Bn. This year's allocation for the Greater Karachi Sewerage Plan is PKR 5Bn and for the ongoing Greater Karachi Water Supply project is PKR 800Mn. The Sindh govt. has also allocated a sum of PKR 2Bn for the establishment of 5 combined effluent treatment plants for the industrial areas of Karachi. The total cost of the World Bank-funded Competitive and Livable City of Karachi project is set at PKR 33.6Bn and Sindh would pay PKR 1.4Bn for its share this year. *Dawn*.

"Challenging" target set for SRB: CM

The Sindh govt. has set a challenging revenue target of PKR 145Bn for Sindh Revenue Board (SRB) for TY20. CM Murad Ali Shah, during his budget speech, said that the SRB is the only tax entity that is consistently performing, unlike the federal govt. entities.. *BR*.

Relief measures in Sindh budget

The Sindh govt. has undertaken several relief measures for the public in the Sindh Budget FY20 that include pensions on direct credit system, increase in salaries by 15% etc. It. has launched a cash transfer scheme to mitigate the effects of increasing prices of essential commodities and economic shocks. *BR*.

Tax levied on ride-hailing services, online shopping in Sindh

The Sindh govt. has imposed sales tax on services provided by a number of new sectors, including online cab service like Uber and Careem, online shopping platforms and construction machinery, in order to collect an additional PKR 25Bn in FY20. The govt. has imposed fixed tax of PKR 20,000 on all limited companies with paid-up capital or paid-up share capital and reserves not exceeding PKR 25Mn including modarabas, mutual funds and any other body corporates. The govt. has set the tax collection target at PKR 288.70Bn from different heads, almost PKR 48Bn higher than that FY19. *Tribune*.

Punjab holds spending, Sindh hikes by 12%

Punjab unveiled a PKR 2.30Tn budget, raising its current expenditure by a modest 3% to PKR 1.3Tn for FY20. The Punjab govt. increased development spending by 47% to PKR 350Bn, and pledged to run a cash surplus of PKR 232.9Bn to meet a federal requirement to keep national fiscal deficit down at 7.2%. The govt. has allocated PKR 9.8Bn for its social protection program — Punjab Ehsaas Program. *Dawn*.

Power tariff raised to recover PKR 190Bn under IMF deal

Nepra, in line with agreement with the IMF allowed a PKR 1.49per unit increase in uniform rate to ensure recovery of PKR 189.64Bn in 15 months on the ground that higher international oil prices, inflation and currency devaluation could necessitate further price hikes and put consumers to a sudden higher price shock. The govt. said that they would protect residential consumers having monthly consumption of less than 300 units from any price hike and have made an allocation of PKR 191Bn for Discos of ex-Wapda and PKR 59.5Bn for K-Electric. *Dawn*.

Tax slabs on mobile handsets revised

The federal govt. has enhanced flat tax rates on mobile phones in the budget FY20 for 6 different slabs as per the import value in a move to lower tax on cheaper handsets compared to those having higher prices. In order to encourage local assembling of mobile phones, the existing regulatory duty on kits was removed and a uniform rate of 5% on both kits and parts has been imposed. *Dawn*.

Finance adviser says zero-rated regime intact for exporters

Adviser to PM on Finance Abdul Hafeez Shaikh remains firm on his stance, saying that the zero-rated regime stays intact for the businesses if they export, while the 17% sales tax will be levied if they are making their sales domestically. The five zero-rated sectors will have to pay a 17% sales tax on their exports, however, these will be refunded. He said that there are a lot of businesses conducting exports and there is a misconception that somehow their benefits are being taken away while they are not being taken away. *Tribune*.

KCCI asks govt. to address ST, IT issues before approving budget

President KCCI Junaid Esmail Makda has called for the correction of various Sales Tax and Income Tax anomalies found in the Federal Budget FY20. He has appealed to PM Imran Khan, State Minister for Revenue Hammad Azhar and FBR chairman Shabbar Zaidi to rectify these anomalies prior to seeking approval from the parliament. He urged that the govt. must hold a consultative session with KCCI for the rectification of the budget anomalies. He warned that the govt. must deal with all these anomalies otherwise, the industry will not be able to keep its wheels spinning and that will lead to raising unemployment and poverty all over the country, besides creating a disastrous situation and a tsunami for the already ailing economy. *BR*.

Fitch maintains Pakistan's credit rating at B negative on external finance risks

Global credit rating agency Fitch has maintained Pakistan's long-term foreign-currency issuer default rating at B- with a stable outlook, but it warned that political opposition might derail IMF-backed structural reforms aiming at economic stability. *The News*.

Rupee hits record low for fifth consecutive day

The PKR has plumbed record lows against USD, marking the 5th straight day of losses. PKR fell to as low as 156.90 to USD in interbank market, before trimming some of its losses to close at 155.84. *The News*.

Remittances up 10.42% to \$ 20.19Bn in July-May

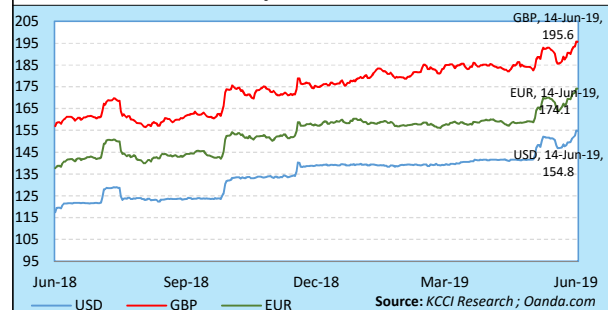
Remittances from overseas workers rose 10.42% to \$ 20.19Bn in 11MFY19, compared to \$ 18.29Bn in 11MFY18. SBP figures showed most of the remittances came in from the UK followed by the USA and UAE. *The News*.

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	14-Jun	PKR	155.85	1.93%
USD-Open MKT	14-Jun	PKR	156.50	2.29%
KSE-100 index	14-Jun	Pts.	35,573	0.48%
FIPI	14-Jun	\$ Mn	-6.53	NM**
Crude (AP'19)	13-Jun	\$/bbl	52.26	2.37%
Gold (MA'19)	13-Jun	\$/oz	1,343.1	0.70%
Gold (10g) Local	14-Jun	PKR	65,072	4.55%
Silver (MA'19)	13-Jun	\$/oz	14.89	0.94%
Cotton(KHI)-40 kg	14-Jun	PKR	9,431	0.00%
Kibor-6M	14-Jun	%	13.05	0.00%
Forex Reserves	3-Jun	\$ Bn	14.89	0.42%
	FY19			YoY
Remittances	Jul-May 19	\$ Bn	20.19	10.42%
Exports*	Jul-Apr 19	\$ Bn	19.17	-0.11%
Imports*	Jul-Apr 19	\$ Bn	45.47	-7.88%
Trade Balance*	Jul-Apr 19	\$ Bn	-26.30	12.82%
Current Account	Jul-Apr 19	\$ Bn	-11.59	26.97%
Foreign Direct Inv.	Jul-Apr 19	\$ Bn	1.38	-51.70%
LSM Growth*	Jul-Mar 19	%	-2.93	
Avg. CPI	Jul-Apr 19	%	7.00	
Discount Rate	May-19	%	12.25	

Sources: KCCI Research, PMEX, NCCPL, KSE, SBP, PBS*
** Not Meaningful on week;

Major Currencies

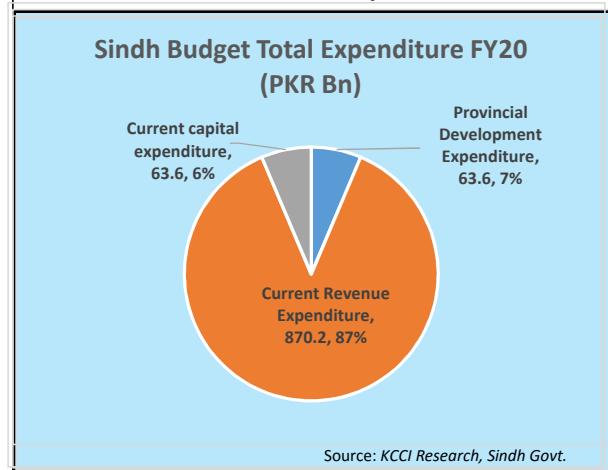


Quote of the Day

"Reviewing a government budget is much like going through the attic in an old home."

Rick Scott

Chart of the Day



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