

Traders seek army deployment as demand of lockdown withdrawal intensifies

Veteran businessman, Chairmen BMG and Former President KCCI, Siraj Kassam Teli has said that if the lockdown is not suspended immediately, many businesses, which remain completely suspended for more than two months, would shut down forever that would lead to creating a chaotic situation. He said that it is really critical to restart all businesses with normal timings and get back to routine life in presence of the virus. He added that the disciplined troops from armed forces must be given the task to ensure across the board implementation of SOPs, which has to be done on top priority in order to save the economy from plunging into further crises. *The News-Thurs.*

126.8% increase in FDI manifests investors eye Pakistan: Razak

Advisor on Commerce Abdul Razak Dawood has said that Pakistan has witnessed an increase of 126.8% in net FDI during 10MFY20. He said that the World Bank has recently highlighted that the global investment is expected to be reduced by almost 40% both in 2020 and 2021 and the growing economies of developing countries are likely to be worst-hit in terms of low FDI by the pandemic. However, as per recent statistics, the negative impact of Covid-19 on FDI into Pakistan is not significant so far. *Daily Times-Wed.*

FBR logs 120,000 tax returns amid virus lockdown

FBR has received around 120,000 income tax returns amid an unprecedented sluggishness in business and commercial activities due to the steps taken to stop the virus outbreak since Mar'20. The FBR active taxpayers list for TY19 showed that its members increased to 2.65Mn from 2.53Mn between 1st Mar'20 and 24th May'20. *The News-Thurs.*

Traders estimate 70% Eid sales lost to corona aftermaths

Various Traders have estimated that Eid season spending – that usually begins in the middle of Ramadan – fell almost 70% to PKR 7 to 8Bn compared to PKR 35Bn last year. They said that the lockdown significantly eroded the buying power of people. *The News-Thurs.*

Sindh allows liquor shops to open under SOPs

The Sindh Excise and Taxation department has issued the SOPs for liquor shops to open. The SOPs issued by the govt. said the competent authority has been pleased to decide the opening of wine shops in the province from the 3rd day of Eid. *The News-Thurs.*

FBR finds misuse of tax compliance scheme

The Intelligence and Investigation Department of FBR has unearthed misuse of a special voluntary tax compliance scheme for traders, causing a revenue loss of billions of rupees to the govt. exchequer. In 2016, the govt. had introduced a special regime for traders to pay tax on turnover, working capital in a simple way for TY15-TY18. The scheme was to facilitate traders in filing their income tax returns in a simplified manner and they were bound to pay sales tax liabilities after availing it. Karachi-based traders have been identified who availed the scheme but didn't register themselves under the sales tax act. *Dawn-Sun.*

FBR seeks uniform tax on profit

FBR has proposed a uniform income tax rate of 15% on profit earned by placing money in banks and giving loans but is facing resistance to the plan of withdrawing some tax concessions got by billionaires, who earn tax-free profit on foreign currency accounts. FBR's proposal was aimed at ending distortion in the income tax regime that could also fetch PKR 26Bn in additional taxes in FY21. However, SBP is not in favor of changing the tax regime for foreign currency accounts. *Tribune-Thurs.*

FBR mulls mandatory POS integration for all retailers

Govt. is weighing a fixed tax regime to encourage retailers to link their trade transactions with the tax authority's online system, hinting at an expansion in scope of point of sales (POS) integration beyond big traders in FY21. Under the proposal the retailers would be given the option to pay fixed tax at 5% of turnover (without input adjustment) or in VAT (value-added tax) mode at standard rates. Meanwhile FBR has further extended the deadline for POS integration to 30th Jun'20 to facilitate retailers amid the lockdown. *The News-Thurs.*

ECC approves Mobile Device Manufacturing Policy

ECC has approved a Mobile Device Manufacturing Policy to promote local manufacturing and assembly of mobile phone handsets. The approved measures included removal of Regulatory Duty for CKD/SKD manufacturing by PTA approved manufactures under input/output Co-Efficient Organization (IOCO) approved import authorization. It also approved removal of Fixed Income Tax on CKD/SKD manufacturing of mobile devices up to \$ 350 categories, increase in Fixed Income Tax on \$ 351-500 category by PKR 2,000 and >\$ 500 by PKR 6,300 on CKD/SKD manufacturing only. *The Nation-Fri.*

WB okays \$ 500Mn loan to help govt fight Covid-19 effect

World Bank (WB) has approved a \$ 500Mn loan to help Pakistan improve health and education facilities, generate jobs for women and strengthen social safety nets under its efforts to fight the impact of the Covid-19 pandemic. The loan is set to be available to Pakistan before end-FY20. It will be financed by the International Development Association – a concessional window of WB – with a 30-year maturity with a 5-year grace period. *Dawn-Sat.*

Private sector borrowing falls by 47%

Private sector borrowing in 10MFY20 fell 47% to PKR 298Bn compared to PKR 563Bn in 10MFY19. Both conventional and Islamic banks witnessed a large decline in private sector borrowing while Islamic banking branches of conventional banks showed improvement. The steep fall in borrowings came after SBP raised interest rates to 13.25% to contain the rising trend in inflation. *Dawn-Sun.*

\$ 500Mn AIIB loan to mitigate Covid-19 impact

The Asian Infrastructure Investment Bank (AIIB) will provide budgetary support worth \$ 500Mn to Pakistan to mitigate the significant negative economic and social impacts caused by Covid-19. Supported under the 'Covid-19 Crisis Recovery Facility', the AIIB loan will be co-financed by the Asian Development Bank (ADB). The estimated loan closing date has been set for Dec'21. *Dawn-Wed.*

Current account deficit jumps to \$ 572Mn in April as exports fall

Current Account Deficit (CAD) during Apr'20 rose to \$ 572Mn compared with \$ 9Mn in Mar'20 whereas cumulative deficit during 10MFY20 fell to \$ 3.34Bn against \$ 11.45Bn in 10MFY19. The month-on-month increase in the deficit came on the back of sharp decline in exports, which fell 54%. Pakistan is likely to face a total current account deficit of around \$ 5Bn by end-FY20. *Dawn-Fri.*

Human development faces first decline in decades

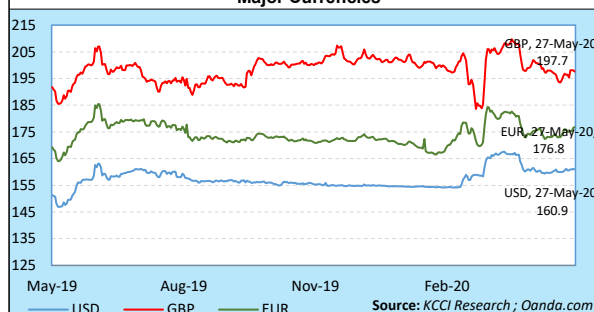
United Nations Development Program (UNDP) in its report titled 'The '2020 Human Development Perspectives – Covid-19 and Human Development: Assessing the impact, envisioning the recovery' has warned that Global human development – measured as a combination of the world's education, health and living standards – could decline this year for the first time since 1990. The drop in human development is expected to be much higher in developing countries. *Dawn-Fri.*

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	21-May	PKR	161.05	0.02%
USD-Open MKT	21-May	PKR	162.00	0.31%
KSE-100 index	21-May	Pts.	33,837	-0.66%
FIPI	21-May	\$ Mn	-1.80	NM**
Crude (AP'19)	27-May	\$/bbl	31.92	8.25%
Gold (MA'19)	27-May	\$/oz	1,720.3	-1.31%
Gold (10g) Local	21-May	PKR	88,390	0.00%
Silver (MA'19)	27-May	\$/oz	17.82	1.63%
Cotton(KHI)-40 kg	21-May	PKR	9,217	0.00%
Kibor-6M	21-May	%	8.12	0.00%
Forex Reserves	15-May	\$ Bn	18.61	-0.85%
FY20				YoY
Remittances	Jul-Apr 20	\$ Bn	18.78	5.37%
Exports*	Jul-Apr 20	\$ Bn	18.41	3.65%
Imports*	Jul-Apr 20	\$ Bn	37.91	-14.06%
Trade Balance*	Jul-Apr 20	\$ Bn	-19.50	26.72%
Current Account	Jul-Apr 20	\$ Bn	-2.77	-70.80%
Foreign Direct Inv.	Jul-Apr 20	\$ Bn	2.28	184.81%
LSM Growth*	Jul-Mar 20	%	-5.40	
Avg. CPI	Jul-Feb 20	%	11.70	
Discount Rate	May-20	%	8.00	

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

Major Currencies

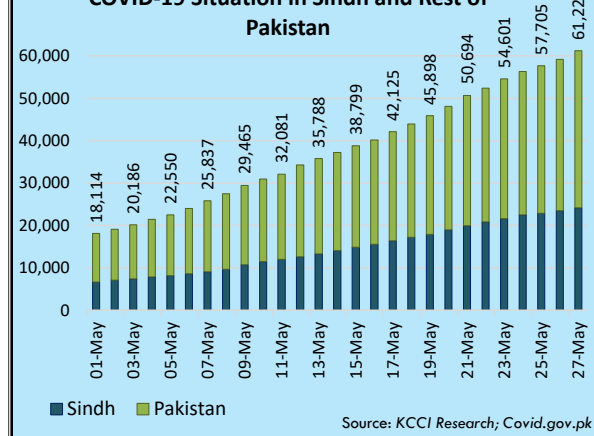


Quote of the Day

The most dangerous poison is the feeling of achievement. The antidote is to every evening think what can be done better tomorrow.'

Ingvar Kamrad

COVID-19 Situation in Sindh and Rest of Pakistan



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