

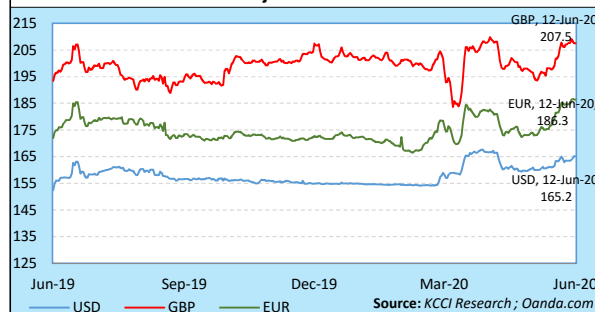


#### Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	12-Jun	PKR	164.26	-0.20%
USD-Open MKT	12-Jun	PKR	165.00	0.30%
KSE-100 index	12-Jun	Pts.	34,611	-1.47%
FIPI	12-Jun	\$ Mn	-0.79	NM**
Crude (AP'19)	11-Jun	\$/bbl	39.06	1.77%
Gold (MA'19)	11-Jun	\$/oz	1,739.7	1.36%
Gold (10g) Local	12-Jun	PKR	91,800	0.66%
Silver (MA'19)	11-Jun	\$/oz	18.32	3.11%
Cotton(KHI)-40 kg	12-Jun	PKR	9,217	0.00%
Kibor-6M	12-Jun	%	7.95	0.00%
Forex Reserves	5-Jun	\$ Bn	16.71	-1.27%
	FY20			YoY
Remittances	Jul-May 20	\$ Bn	20.65	2.74%
Exports*	Jul-May 20	\$ Bn	19.80	-6.87%
Imports*	Jul-May 20	\$ Bn	40.85	-18.96%
Trade Balance*	Jul-May 20	\$ Bn	-21.06	27.77%
Current Account	Jul-Apr 20	\$ Bn	-3.34	70.80%
Foreign Direct Inv.	Jul-Apr 20	\$ Bn	2.28	126.78%
LSM Growth*	Jul-Mar 20	%	-5.40	
Avg. CPI	Jul-May 20	%	10.94	
Discount Rate	Jun-20	%	8.00	

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

#### Major Currencies

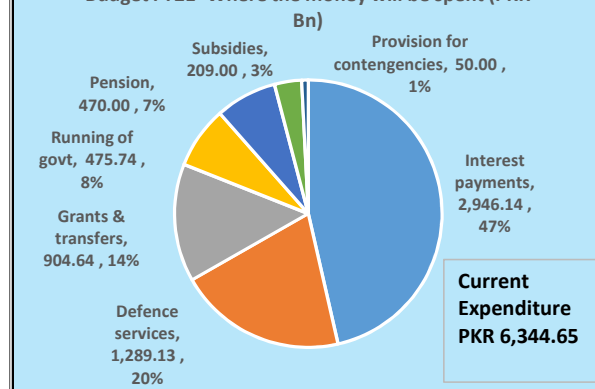


#### Quote of the Day

*"The size of the federal budget is not an appropriate barometer of social conscience or charitable concern."*

**Ronald Reagan**

#### Budget FY21 -Where the money will be spent (PKR Bn)



#### Disclaimer

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#### Teli says federal budget 'by no means a relief budget'

Former President KCCI and Chairman BMG, Siraj Kassem Teli, has termed the proposed federal budget FY21 a 'guesswork' of the federal govt. which he said by no means is a 'relief budget'. Teli said though the govt. has proposed no taxes with new names, it has made some additions and subtractions in already imposed taxes on some sectors. Taxes and utility tariffs should have been reduced to ease the sufferings of industries, businesses. "It's a pick and choose budget. Only a few sectors have been given relief." he deplored. Taxes on beverages and energy drinks have been enhanced from 13% to 25% under the pretext of healthcare, Teli said. KCCI President, Agha Shahab Ahmad Khan, said that the govt.'s targets for GDP, manufacturing, agriculture and services are not achievable as the entire world including Pakistan is going through an economic downturn, due to Covid-19. In this budget, he said manufacturing has been neglected. BMG General Secretary, AQ Khalil, said that KCCI had submitted proposals to the federal govt., urging it to come up with a relief based and tax free budget in the face of Covid-19, but to no avail. *BR.*

#### Budget 2020-21: Budget aims for trillion rupee tax revenue hike with 'no new taxes'

With Covid-19 as the context and IMF program as the yardstick, the govt. has unveiled a budget built around austerity and belt-tightening and increasing tax revenue without any discernible revenue plan behind it. There are no new taxes in this budget. The budget cuts down subsidies by 48%, freezes salaries and pensions and yet fails to arrest overall fiscal deficit during FY21, projecting almost unchanged at 7% of GDP. Defense allocations have been increased by 12% to PKR 1.29Tn, revenue target has been set at PKR 6.57Tn, including FBR revenue of PKR 4.96Tn, size of the federal budget has been set at PKR 7.14Tn and cost of debt servicing has been estimated at PKR 2.95Tn. Fiscal deficit would be financed through PKR 2.38Tn domestic financing and PKR 810Bn external financing. *Dawn.*

#### Growth target set at 2.1%

The govt. seeks growth of GDP at 2.1% for FY21, with targets set for three key areas of the national economy – agriculture 2.8%, industry 0.1% and services sector 2.6%. However, the Annual Development Plan (ADP) document, underlines that growth targets are subject to risks of extreme weather fluctuations, the ongoing Covid-19 pandemic, interruption in envisaged reforms and non-aligned monetary and fiscal policies. *Dawn.*

#### Return filers to submit 'Taxpayer Profile' electronically

Through Finance Bill 2020, FBR has introduced section 114 (A) in the Income Tax Ordinance through which in addition to filing of annual tax return. The return filers will be required to submit "Taxpayer Profile" electronically accompanied by such annexures, statements or documents as may be prescribed on the web of FBR (i.e. iris). *BR.*

#### Tariff protection for domestic industry announced

The govt. has announced tariff protection for domestic industry by increasing/levy of regulatory duty on import of those items which are also locally manufactured. Under Finance Bill 2020-21, the govt. proposed to reduce the custom duty on 40 raw materials of various industries and reduced the customs duty on 90 tariff lines from 11% to 3% and 0% under the Tariff rationalization under National Tariff Policy 2019. The govt. also proposed to exempt the additional custom duties on those tariff lines which are now @ 0% customs duty in tariff. *BR.*

#### Real estate, construction sector wins relief

The real estate and construction industry remained the main focus in the FY21 budget. The rate of capital gains tax (CGT) on the sale of property will be reduced by 25% each year. The govt. will not ask the source of income spent on construction. Fixed tax on sale by builders and up to 90% reduction in taxes on the purchase of home by low-income people will continue in FY21. *Tribune.*

#### Govt to collect PKR 2.92Tn through indirect taxation

The govt.'s reliance on indirect taxation for revenue will continue, as it has set the target to collect PKR 2.92Tn through indirect taxation alone whereas it will mop up PKR 2.04Tn revenue through direct tax measures. In indirect taxes, PKR 640Bn will be collected through customs duties, PKR 1.92Tn through sales tax and PKR 361Bn through federal excise. However, through direct taxation the FBR will collect PKR 2.04Tn which includes PKR 2.04Tn through income tax, PKR 3.21Bn through workers welfare fund and PKR 3.04Bn through capital value tax. *The News.*

#### Comments: Budget fails to impress industry

KCCI feels that this is certainly not a relief budget for industries and businesses and even it is not prepared keeping in view the aftershocks of coronavirus, rising unemployment, low factory output and falling income of people. The govt. has not made the Budget FY21 keeping in view current and upcoming challenges. The govt. would also fail to achieve its ambitious revenue target under the current economic crisis. However, the govt. has accepted some two to four of KCCI's proposals. *Dawn.*

#### Foreign borrowing of PKR 2.22Tn projected for next fiscal year

The govt. has decided to reduce its reliance on foreign loans and grants in the upcoming fiscal year as it plans to borrow PKR 2.22Tn for budgetary support compared to PKR 3.03Tn in FY20. *Dawn.*

#### PKR 875Bn allocated to fight corona, PKR 10Bn for locusts

Minister for Industries Hammad Azhar in his budget speech has said the govt. had approved a stimulus package of PKR 1,200Bn and a total of PKR 875Bn had been provided from the federal budget for combating coronavirus. The minister said that in the agriculture sector, PKR 10Bn had been proposed for relief and combating the locust attacks. *The News.*

#### Govt estimates PKR 450Bn as petroleum levy

The govt. is estimated to pull in PKR 450Bn from petroleum levy in FY21, compared with a revised estimate of PKR 260Bn in FY20. It clearly indicates intentions of the incumbent regime to maintain petroleum levy at maximum level of PKR 30 per litre in FY21. *The News.*

#### WHT on education, functions to be removed

The govt. has proposed to withdraw 9 provisions of withholding taxes, including education and functions/gathering to facilitate the masses as well as simplify the withholding tax regime. The provisions, proposed to be deleted include: collection of advance tax on education related expenses remitted abroad; tax on steel-melters and composite units; withdrawal of balance under pension fund; tax on local purchase of cooking oil or vegetable ghee by certain persons; advance tax on functions and gatherings; advance tax on cable operators and other electronic media; advance tax on dealers, commission agents and arhatis etc; advance tax on insurance premium; and advance tax on tobacco. In another relief measure the minimum threshold of supplies by retailers for obtaining CNIC of the buyers is proposed to be increased from PKR 50,000 to 100,000.

#### Remittances recover in May

Against the general fear that remittances would fall due to the pandemic, inflows from overseas Pakistanis witnessed an increase of 4.64% month-on-month in May'20 rising to \$ 1.87Bn against \$ 1.79Bn in Apr'20. During 11MFY20, the country received \$ 20.65Bn, higher by 2.7% over \$ 20.10Bn in 11MFY19. Highest inflow came from Saudi Arabia with an amount of \$ 4.81Bn during 11MFY20. *Dawn.*

#### Centre allocates PKR 14.18Bn to run three Karachi hospitals

The federal govt. is finally going to take over and run 3 main hospitals in Karachi -- National Institute of Cardiovascular Diseases (NICVD), Jinnah Postgraduate Medical Centre (JPMC) and National Institute of Child Health (NICH) – and has allocated over PKR 14Bn in the budget FY21 to run these facilities. *The News.*