

IMF predicts economic recovery in Pakistan next year

An IMF report — “Policy Actions Taken by Countries” states that a gradual recovery in Pakistan is expected in FY21 as the country’s economy reopens. The report reviews various steps Pakistan has taken since Mar’20 to deal with the Covid-19 crisis. It notes that growth is estimated at -0.4% in FY20. Key measures by the federal govt. include: elimination of import duties on emergency health equipment and cash transfers to 6.2Mn daily wage workers. Dawn.

Covid-19 may cause \$ 3.6Bn loss to GDP: WB report

A new World Bank policy brief ‘Covid-19 and Tourism in South Asia’, which studies the tourism sector of South Asia, estimates that the potential loss to Pakistan’s GDP due to the impact of Covid-19 pandemic would be \$ 3.64Bn, while KPK province is likely to suffer \$ 10Mn to \$ 20m in losses. It estimates that the impact of coronavirus outbreak has put at risk 880,000 jobs in the tourism sector of Pakistan. The highest impact of Covid-19 pandemic is on India which faces a potential loss of \$ 43.4Bn to the GDP. Dawn.

K-Electric to get more supply from national grid

The federal govt. is already supplying over 650MW electricity to the power utility from national grid without any formal agreement. The Cabinet Committee on Energy (CCoE) recently decided to allocate 1,200MW electricity to KE in addition to existing supply of over 650MW from national grid. Nepra is also holding a public hearing on current electricity crisis which is expected to be attended by over two dozen interveners. BR.

KE in contact with business associations, highlights power supply challenges

K-Electric has briefed the industrial stakeholders about its plans to meet the demand growth for electricity and future investment plans of the company. The KE will invest over \$ 2Bn in additional generation and downstream power infrastructure over the next three years. Also, a new 900MW RLNG-based power plant will be ready to be commissioned by summer 2021. The News.

FBR decides to allow importers to reclassify goods

FBR has decided to allow importers to reclassify their imported goods under the reclassification procedure for applicability of reduced rate of taxes. The FBR has issued draft amendments in the Income Tax Rules, 2002 through a notification. According to the reclassification procedure, the provisions shall apply to addition, omission or amendment of entries in the 12th Schedule and application of reduced rate on goods falling under Part-II of said schedule imported by persons as raw material for its own use. BR.

Production & sale of sugar: Companies classified within category of non-listed company

SECP has classified all companies engaged in production and sale of sugar within the category of Public Interest Company (PIC) under the classification criteria of companies. The SECP has issued SRO 614 (I)/2020 to amend 3rd schedule of the Companies Act, 2017. BR.

Delay in refund claims: Inflated claims, unreported sales prime factors

FBR has said that inflated refund claims, unreported sales and domestic sales disguised as exports are prime factors behind a delay in the processing of refund claims under the sales tax regime. They said that other forms of evasion and fraud included non-registration of traders liable to the sales tax regime, claiming credit for taxable supplies used in exempt activities, on private purchases, and invoices from unregistered suppliers besides import of goods illegally, and then sale by adding sales tax but not remitting to the tax authorities, and finally the barter arrangements kept hidden from tax authorities. BR.

Pak-Afghan trade: Islamabad, Kabul urged to remove bottlenecks

Traders and exporters of Pakistan and Afghanistan via a joint video link conference have identified the bottlenecks in way of Pak-Afghan mutual trade, transit trade and export and what they termed the complicated regulations and procedures, strict policies and cumbersome goods clearing process main reason behind the declining mutual trade volume between the two countries. Regulatory duties, policies, unnecessary and double taxation should be revised and abolished, they added. Private sector representatives from Pakistan and Afghanistan have expressed concerns over unscheduled closures of border crossing points, slow clearing processes, lack of facilities at the Torkham border, and increasing transport costs. BR.

Banks return to pre-virus timings from Monday

Banks will resume the pre-coronavirus timings from Monday (13th Jul’20), according to SBP, reflecting the govt.’s approach for normalizing businesses after living under the Covid-19 influence for four months. Banking hours were grossly reduced after a massive increase in the number of virus cases across the country. Dawn.

Govt further amends Companies Act, restoring several sections

The federal govt. has further amended the Companies Act 2017 and has withdrawn several amendments inserted in the ordinance on 30th Apr’20, which include clauses related to disqualification of persons who enter into plea bargain with NAB. The amendments reversed through the Companies (Amendment) Ordinance 2020 include Section 172(m), Section 181, Section 186 and 187, Sections 279 to 282 and Section 452, besides an amendment to Section 461. The govt. decided to withdraw these amendments after facing criticism from several quarters. The new ordinance has been promulgated. Dawn.

FBR admits blocking PKR 532Bn in refunds since 2014 to inflate revenue figures

FBR has admitted before the National Assembly Standing Committee on Finance meeting that tax refund claims of over PKR 532Bn have been blocked since 2014 to show higher growth in revenue collection. FBR Member Inland Revenue Dr Ashfaq Ahmed said that only PKR 202Bn is verified and processed so far. The fate of the remaining outstanding amount is still unclear despite the lapse of several years. Dawn.

Govt tightens grip on expenditure

The govt. has notified fresh mechanism for release of funds for recurrent and development budget and the policy for allocation of supplementary grants (SG) for unseen or emergency expenditures during FY21. Under the new rules, Funds for the development budget shall be released in a different manner i.e. 20% of allocation in the first quarter, followed by 30% each in 2nd and 3rd and 20% in the 4QFY21. Dawn.

SSGC announces load-shedding for industrial consumers

SSGC has unveiled a load-shedding schedule for captive power plants and compressed natural gas CNG stations, announcing 48-hour supply halt to the industrial consumers to redirect fuel to K-Electric. SSGC said the company has to provide KE with additional gas in the interest of public and to reduce massive electric load shedding in the city. Gas supply to CNG and captive power plants will be suspended from Friday to Sunday. Gas supply to captive power plants for industrial sector will be restored on Monday 8 am, while supply to CNG stations will resume on Sunday 8 am. The News.

Import duty collection slips 7.4% to PKR 453Bn in FY2020

Pakistan Customs saw duty collection fall 7.4% to PKR 453Bn during FY20 from PKR 489.3Bn in FY19 as imports were seen declining due to administrative and regulatory measures. Falling duty collection might also be attributed to slowdown in economic activities early in the fiscal year and adverse impact of lockdown during 4QFY20. The News.

State Bank gives investment advice

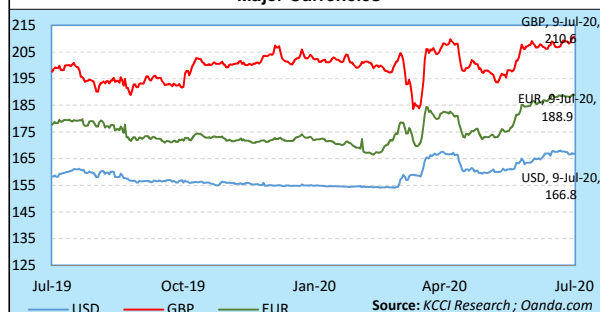
SBP has asked the banks to ensure that no institutional investment of any kind should be accepted in the National Savings Schemes (NSS) dealt by banks on or after 1st Jul’20. The govt. took this decision on the recommendations of the committee constituted to finalize a plan for the elimination of institutional investors from NSS products and the SBP. The News.

Economic Indicators

List of Indicators	Date / Period	Unit	Value	Change Daily
USD-Interbank	9-Jul	PKR	166.58	-0.11%
USD-Open MKT	9-Jul	PKR	167.50	-0.12%
KSE-100 index	9-Jul	Pts.	36,142	1.25%
FIPI	9-Jul	\$ Mn	-0.24	NM**
Crude (AP’19)	9-Jul	\$/bbl	40.88	1.11%
Gold (MA’19)	9-Jul	\$/oz	1,818.2	0.56%
Gold (10g) Local	9-Jul	PKR	96,400	-0.82%
Silver (MA’19)	9-Jul	\$/oz	19.10	2.89%
Cotton(KHI)-40 kg	9-Jul	PKR	9,002	0.00%
Kibor-6M	9-Jul	%	6.81	-0.06%
Forex Reserves	3-Jul	\$ Bn	18.79	4.56%
	FY20			YoY
Remittances	Jul-May 20	\$ Bn	20.65	2.74%
Exports*	Jul-Jun 20	\$ Bn	21.39	-6.84%
Imports*	Jul-Jun 20	\$ Bn	44.57	-18.61%
Trade Balance*	Jul-Jun 20	\$ Bn	-23.18	27.11%
Current Account	Jul-May 20	\$ Bn	-3.29	73.60%
Foreign Direct Inv.	Jul-May 20	\$ Bn	2.40	90.60%
LSM Growth*	Jul-Apr 20	%	-8.96	
Avg. CPI	Jul-Jun 20	%	10.74	
Discount Rate	Jul-20	%	7.00	

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

Major Currencies

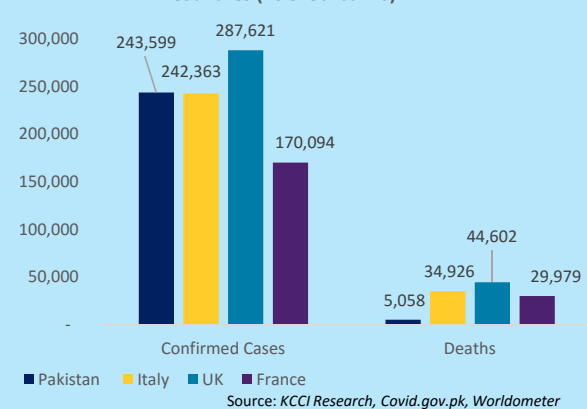


Quote of the Day

“The future belongs to those who believe in the beauty of their dreams.”

Eleanor Roosevelt

Covid-19 Comparison of Pakistan with Selected Countries (As of 9th Jul’20)



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