

Tuesday, May 09, 2017 | 12 Shahban 1438 Hijri

Market Today (May 08, 2017)

Opening	PSX	Gold Per 10 gm	KCA Spot Rate	Crude Oil USD /bbl.
	50,935.91	42,695.00	6,600.00	46.46

(Source: Business Recorder)

Exchange rates issued by the Treasury Management Division of National Bank of Pakistan. May 08, 2017

Country	Currency	Selling TT & OD	Buying TT Clear
USA	USD	104.6	104.4
UK	GBP	135.5	135.24
Euro	EUR	114.74	114.52
Canada	CAD	76.61	76.47
Switzerland	CHF	105.7	105.5
Australia	AUD	77.36	77.21
Sweden	SEK	11.87	11.85
Japan	JPY	0.9282	0.9264
Norway	NOK	12.15	12.13
Singapore	SGD	74.53	74.39
Denmark	DKK	15.43	15.4
Saudi Arabia	SAR	27.89	27.84
Hong Kong	HKD	13.6	13.57
China	CNY	15.51	15.48
Kuwait	KWD	343.75	343.09
Malaysia	MYR	24.14	24.09
New Zealand	NZD	72.36	72.22
Qatar	QAR	28.73	28.67
UAE	AED	28.48	28.43

(Source: Business Recorder)

Sectoral Share in GDP %

Sectors/Sub-Sectors	2014-15	2015-16 (p)
Commodity Producing Sector (Agriculture + Industrial Sector)	41.4	40.8
Agriculture	20.80	19.82
Crops	8.2	7.4
Livestock	11.7	11.6
Fishing	0.4	0.4
Forestry	0.4	0.4
Industrial Sector	20.6	21.0
Mining & Quarrying	2.9	2.9
Manufacturing	13.6	13.6
Construction	2.4	2.6
Electricity & Gas Distribution	1.7	1.9
Services Sector	58.6	59.2
Transport, Storage & communication	13.4	13.3
Wholesale & Retail Trade	18.3	18.3
Finance & Insurance	3.2	3.3
Ownership of Dwellings	6.7	6.7
General Government Services	7.1	7.6
Other Services	9.9	10.1

(Source: Economic Survey of Pakistan 2015-16)

FBR proposes increase in minimum tax on firms, individuals

In a bid to enhance dwindling revenues, the Federal Board of Revenue (FBR) has proposed to increase the rate of 'minimum tax' on firms as well as individuals by as much as 25%. According to the proposal, the upcoming budget could see the rate go up to 1.25% from the current 1%. However, the suggestion contradicts the recommendation given by the government-constituted Tax Reforms Commission (TRC) for the upcoming budget. The commission had instead advised slashing the current rate by 50%. The proposal is expected to antagonize the corporate sector since it has already been overburdened by heavy taxation. The minimum tax had initially been introduced to make every taxpayer contribute towards the exchequer. Therefore, every corporate entity having an annual turnover of over Rs10 million was bound by law to pay a minimum 1% of its sales in taxes – irrespective of whether it was earning a profit or not. In case the FBR's proposal gets through the approval stages, at least 7,000 companies will be affected by the move. At present, around 24,000 companies are filing their returns and about 30% of them are showing losses. Another 39% showed 'no profit and no loss' in the tax year of 2015. The proposal suggests that in the upcoming fiscal year, the FBR will rely on the existing tax base to extract more instead of widening the base. In the previous four budgets of the present government, the revenue on the back of new taxation measures grew by Rs1.2 trillion. The tax collection increased from Rs1.956 trillion in June 2013 to Rs3.114 trillion by June 2016, which was exactly equal to the level of new taxation. This exhibits that the FBR failed to capitalise on inflation, which should have automatically resulted in increased tax revenue. (*Express Tribune*)

OGRA resolved 2,838 complaints, provided Rs183.61m relief to consumers

The Oil and Gas Regulatory Authority (OGRA) has resolved 2,838 complaints during the last financial year that resulted in provision of 208 new gas connections and relief amounting to Rs 183.61 million to consumers in gas utility bills. The authority also heard and decided 310 appeals, out of which 161 were relating to natural gas and 149 to Liquefied Petroleum Gas (LPG), Compressed Natural Gas (CNG), oil and enforcement in the year 2015-16, a spokesman of OGRA told. He said the authority established regional offices at Lahore and Karachi to provide maximum facilitation to consumers of petroleum sector as well as general public of Punjab, Sindh and Balochistan for complaints redressal and enforcement activities. During the period, the OGRA teams inspected 2,441 facilities of oil, CNG and LPG sectors and imposed a fine amounting to Rs 22.285 million on the outlets and distributors, who were involved in violating laws. In the oil sector, the spokesman said, the authority granted permission to five companies to establish oil marketing companies, which would help bring a minimum investment of Rs 2.5 billion in the next three years. Sui Souther Gas Company Limited (SSGCL) and Sui Northern Gas Pipelines Limited (SNGPL) expanded their transmission network by 47 kms and 484 kms and distribution network by 871 kms and 3,644 kms respectively during the year, he added.—APP (*Pakistan Observer*)

Exporters need fresh impetus to survive: PTEA

Pakistan Textile Exporters Association [PTEA] Chairman Ajmal Farooq has underscored the need for implementing the zero-rated regime for the country's export industries. In a statement, he stressed that policies for the coming fiscal year should be designed in such a way that they could support the export sector, which had been facing stiff competition in the global market and required a fresh impetus to survive. "For the current fiscal year, exports were made zero-rated, but the policy was not implemented in the true meaning of the word," he said. For instance, the zero-rating was allowed only on the local purchase of coal and not on imports. Praising the prime minister's trade enhancement initiatives,

Economic Indicators

Annual (2015/16)

Foreign Debt	\$62.649bn
Per Capita Income	\$1,512
GDP Growth	4.24%
Average CPI	8.6%

Monthly (Feb. 2017)

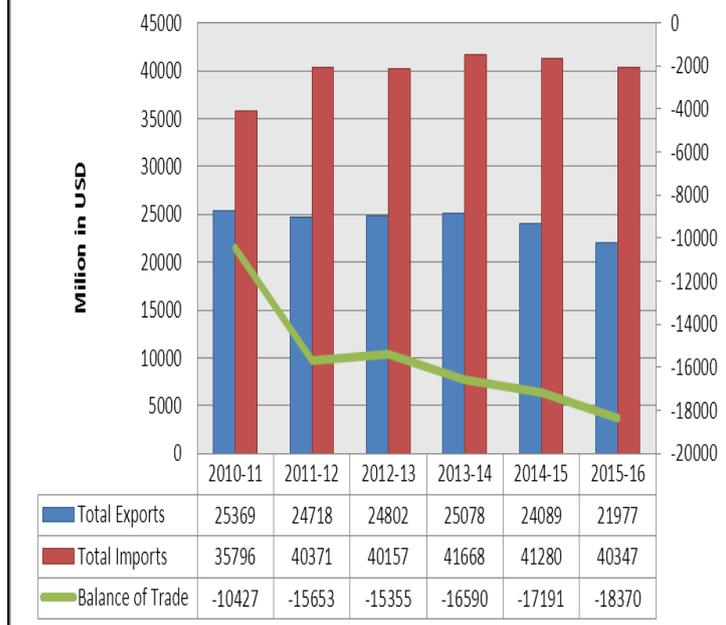
Trade Balance	-\$1,852 mln
Exports	\$1,742mln
Imports	\$3,594mln

Weekly (March 31, 2017)

Reserves	\$21,550.5 mln
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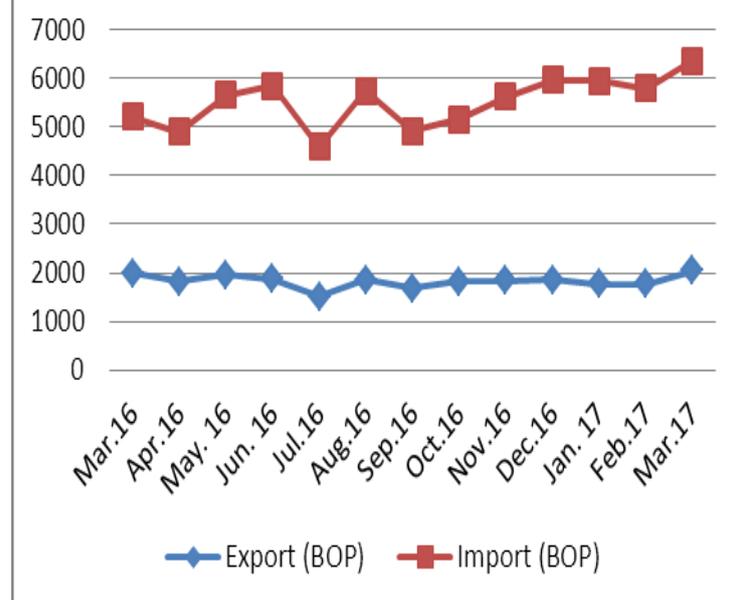
(Source: Business Recorder)

Yearly Trade Data



(Source: SBP)

Monthly Trade Data



(Source: SBP)

Farooq termed them a positive move for the promotion of exports and demanded their inclusion in the upcoming budget as well. He suggested that the FBR should establish a mechanism for addressing practical hassle and liquidity problem of refund claimants. Additionally, the Sales Tax Act and Sales Tax Rules, especially the relevant Section 21, should be amended. "Sales tax is imposed on the locally produced machinery, whereas machinery import is included in the Eighth Schedule. This exemption should be withdrawn as it is a source of disparity," he said. Terming liquidity shortage as a major hurdle to the export growth, the PTEA chairman said the extreme cash flow crunch had squeezed the financial stream. Billions of rupees of textile exporters are stuck in sales tax, customs duty and income tax refund. "The government should allocate necessary funds in the upcoming budget for the release of outstanding refund claims of exporters," he said. (*Express Tribune*)

SBP stops banks from discriminating in consumer finance

The State Bank of Pakistan (SBP) has stopped commercial banks and development finance institutions (DFIs) from discriminating against any segment of the society. "In continuation of earlier instructions, the SBP has advised banks/DFIs to not discriminate against any segment of the society and follow the SBP instructions issued earlier," the central bank said in a statement issued. The instructions require banks/DFIs to desist from adopting discriminatory practices on the basis of trade, region, gender, ethnicity, specific profession, class and/or group of citizens eg lawyers, politicians, security officials, law enforcement agencies, etc. Politically exposed persons had time and again raised their concern about discriminatory practices on the part of banks in providing consumer finance and general banking facilities, it added. The SBP asked banks/DFIs to explicitly convey reasons for refusal in writing to the applicant and keep a separate file of all approved and rejected cases of politically exposed persons. It said such practices were against the spirit of fundamental rights contained in the Constitution of Pakistan and regulatory instructions on the subject and that these complaints had been viewed seriously at the central bank. The SBP cautioned that any violation of the instructions would attract punitive action under relevant provisions of the Banking Companies Ordinance 1962. (*Express Tribune*)

Market watch: KSE-100 Index shoots up over 1,000 points, closes at record high

Positivity over the upcoming MSCI review and Pakistan's reclassification as an emerging market generated positive sentiments in the bourse as the KSE-100 Index – a benchmark for market performance – soared over 1,000 points. Stocks that are top constituents in MSCI Pakistan Index led the gains. The MSCI Pakistan Index is designed to measure the performance of the large and mid cap segments of the Pakistan market. With 16 constituents, the index covers approximately 85% of the Pakistan equity universe. At close, the Pakistan Stock Exchange's (PSX) benchmark KSE 100-share Index recorded a rise of 1,084.78 points, or 2.18%, to end at 50,935.91. (*Express Tribune*)

Linking CPEC to sustainable national development

The much improved CPEC-related infrastructure projects will help develop industrial capabilities that can provide large-scale skilled employment, increase manpower productivity and raise per capita earnings. The improved infrastructure will increase trade and cause an economic boom but, in the absence of enlightened legislation and structural changes in the economy, most of this will benefit a very narrow and connected business class. Infrastructure spending alone cannot be relied on to move an economy of 200 million into the middle to high income territory in an inclusive manner. That requires masterminding a consistent increase in manpower productivity and orchestrating the transition from an agriculture-led, low value addition, economy to an industrialised one with higher value addition achieved through enlightened interventions. For this systemic societal issues which restrict productivity must be addressed. These issues consist of education, skills development and healthcare; enabling policies that improve the ecosystem and encourage private sector investment; increasing the size of the formal economy; empowering women empowerment, etc. (*Dawn*)