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‘Economic package a halfhearted relief for industry’

KARACHI/LAHORE: The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) has termed the “economic reform package”, announced by PTI government, a halfhearted relief package for the industry because most of the core issues were left untouched.

Addressing a press conference on Thursday, FPCCI President Daroo Khan Achakzai said that the Finance Supplementary 2nd Amendment Bill proposed reduction in gas infrastructure development cess (GIDC) for the fertiliser sector, which was a positive step for the agriculture sector, but an injustice to other sectors, including textile, cement, etc.

“GIDC should be outright waived off, as this is an additional and unnecessary burden on the industry,” he said.

The FPCCI president appreciated the issuance of promissory notes against the stuck-up refunds of export-oriented industry. However, he criticised the government for only issuing these notes against sales tax refunds of Rs80 billion, and question about the fate of the remaining refunds, amounting to Rs170 billion.

Achakzai demanded transparent pricing for the re-gasified liquid natural gas (RLNG), and called for making it public. He also demanded facilities and incentives for the industries in least-developed areas such as FATA, Chaman and Hub as were given to projects under the China-Pakistan Economic Corridor.

FPCCI Senior Vice President Mirza Ikhtiar Baig said that refunds worth Rs250 billion were stuck-up against sales tax, income tax and export rebate, but the government only talked about issuing three-year promissory notes against Rs80 billion sales tax refunds.

“These notes can be discounted from banks, but on the payment of 10 percent/annum markup. It means if an exporter discounts notes worth Rs10 million, he would only get Rs7 million.” Baig said, and termed it a halfhearted relief package, wherein only a handful of sectors were favoured. He appreciated reduced rates of income tax on profits derived from the small and medium enterprises (SMEs), agriculture and low-cost housing financing, and said: “It would only be beneficial for these sectors if banks reduce their interest rates for this financing in the same proportionate. Otherwise, it would only benefit banks.”

Baig lauded duty exemption for newsprint, but criticised no relief on import of paper used in printing books.

“There are a total of 62 percent taxes on imported paper for printing books, which is highest in the world. Books should not be a source of revenue generation,” Baig said, demanding exemption of duty and taxes on paper.

The FPCCI senior vice president criticised that several commitments, which Finance Minister Asad Umar had made during meetings with the business community, were not added in the supplementary finance bill.

Adviser to FPCCI President, Mazhar Ali Nasir said that several core issued had been left out. “Uninterrupted supply of utilities is the main issue being faced by the industry, which needs to be redressed immediately.”

Sialkot-based industrialist, Nauman Idrees Butt said there was a huge SME sector in Sialkot and most of them were export-oriented. He demanded the government to accord more incentives and exemptions to these employment generation engines.

Meanwhile, Lahore Chamber of Commerce and Industry (LCCI) has said the government has taken some important initiatives, including lifting ban on the purchase of vehicles for non-filers for locally-manufactured cars up to 1300cc capacity. LCCI President Almas Hyder said the exemption to the investment in solar panels and wind turbines from duties and taxation for five years would boost indigenisation of alternate energy equipment.

These measures will bring huge local and foreign investment in these sectors, and will generate job opportunities, besides increasing the government revenue.

About the auto industry, the LCCI president said it was one of the fastest growing industries of the country with around four percent contribution to GDP, besides employing, directly or indirectly, over 3.5 million people. Cars production shrank up to 30 percent because of ban on the purchase of vehicle for non-filers, he added.

The Pakistan Hosiery Manufacturers and Exporters Association (PHMA) has also praised the government for honouring their promise and commitment to facilitate five zero-rated export sectors.

PHMA Central Chairman Muhammad Jawed Bilwani pledged that upon receipt of payments against refunds and with the assurances of uninterrupted supply of gas and electricity, the sector will increase its exports to 20 percent in the next six months.

He welcomed the announcement to issue refund bonds (promissory notes) to exporters, on annual profit of 10 percent with a maturity period of three years.

These bonds should be transferable and redeemable after maturity, for clearance of backlog of Rs200 billion stuck-up, which would ensure liquidity for their businesses, he added.

He expressed the hope that as demanded by the association, the government will clear the refunds in one go.

Bilwani said that the present government has considered the demands and proposals of PHMA for introducing separate tariffs of gas and electricity for the five zero-rated export sectors.