



## SWABI CHAMBER OF COMMERCE AND INDUSTRY

Ref No: SCCI-2022/544-04

Date: 27-04-2022

Subject: **Recommendations from Industrial and Trade Community of District Swabi to Promote and Boost the Economic Activities in Fiscal Year 2022-23.**

In pursuance upon your verbal request and meeting with the undersigned on 02-03-2022. As businessmen association we are pleased that this activity will help the business community to share its views for the promotion of economic activities. The recommendations from *Steel Re-Rolling, Plastic Matts and Plastic Re-Cycling, Goods Transporters, Hotel Restaurants and Marque Hall Service Providers, and Tour and Travels Operatives* from trade and industrial community are received.

The details about recommendations from the mentioned sectors are as follows;

### **Textile Spinning Industries:**

Pakistan is the 4<sup>th</sup> largest producer of cotton with the third largest spinning capacity in Asia after China and India and contributes 5% to the global spinning capacity. The Spinning sector (Output Yarn) is the backbone of the Pakistan's textile industry.

The recommendations from the industry are as follows;

- Industries of the textile sector requesting to for the provision of uninterruptable power supplies for their production on very reasonable and cheap rates, most of the industries are on captive powers and requesting for the provision of power through Pakhtunkhwa Electric Development Organization –PEDO through the Wheeling System. In this regard the provisional government facilitation is very mandatory.
- They are requesting for the systematic policy in billing of electricity which need to remove the anomalies and that will help them to manage their working capital in every cycle.



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### Steel and Re –Rolling Industries:

As per the public sector statistics the country's construction industry account's for 2.50% of Gross Domestic Product –GDP according to the Pakistan Economic Survey. The Sector employs 7.61% of the employed Pakistani labor force. GFCF in private sector grew by 20.6% between FY2019 and FY2020. The Private sector GFCF amounted over 95% of the total.

In district Swab, the Steel sector industries are also providing business activity to the adjoining areas distributors and providing the employment opportunity to more than 3 thousand families directly and indirectly.

We are pleased to share that Mr. Fazal Rahim Jadoon, Sr. Vice President of this Chamber of Commerce and Industry as notable industrialist and trader vocal and active voice for this industry. His recommendations will also help the federal and provincial government to boost up the national revenue and to generate more economic activities through this sector.

In this context the recommendation as professionally active industrialist and trader of steel and re –rolling industries are as follows;

- Electricity is the raw material of this industrial sector. The industry requesting for the restoration and possibility of supply through wheeling system of Pakhtunkhwa Energy Development Organization –PEDO. According to the constitution of Pakistan the provisional royalty rights are very clear. We are requesting to the Provisional Government to raise the issue and fight for this right. This will help the industries to get the electricity on very reasonable rates and to complete their production cycles.

This is the demand of all major industries i.e. Spinning and Apparel Textiles, Pharmaceuticals and Chemicals





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- The Electricity Prices are very high and that's requiring price adjustments in a very systematic way. We are requesting to consider the stakeholders and consumers request in this regard and make a systematic policy in this regard.
- In the preceding year fiscal budget federal government and provincial government facilitated the industry through budget speech and reduce the annual financial turnover rate for taxation. That's still requires notification by the commitment authorities.
- Industries of Steel and Re –Rolling sector, requesting for the restoration of Special Procedure for Sales Tax -2007. The restoration will improve the collection of taxation from industries as well and in the mutual benefits of industries and government as well.

### **Plastic Mats and Plastic Re –Cycling Industries:**

Plastic Mats and Plastic Re –Cycling Industries are also providing the employment opportunities to almost one thousand families. The approximate annual production is 870MT. There are facing issues in the taxation submission. The details are as follows;

- In provisional capital Peshawar and Gadoon Amazai Industrial Estate there are 35 operational industries are making Plastic Mats through Re –Cycle Plastic products. All the operational industries are paying 17% tax on purchase of polypropylene mean PP Plastic import. In normal condition they are getting adjustments. But sometimes they are not facilitated due to trade cycles and production activities.
- It is requested to the provisional and federal government to facilitate the industries of Plastic Mats and Plastic Re –Cycling Plants to with tax exemption. Because with the use of re –cycle plastic products they are helping the Green Energy Initiative which is the mandatory part of Strategic Development Goals –SDG.



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### **Tobacco and Cigarettes Industry Exporters Issues:**

As we know, district Swabi blessed with economical resources and irrigated fertile land, according to the statistic department data, Tobacco is grown on the 0.25 percent of irrigated land of Pakistan and district Swabi share is 0.60 percent in this total, with this percentage industrialist from Swabi are the leading exports of tobacco and manufactured products in the world wide. We are striving our efforts to improve this share with product quality and durability.

The Exporters of Tobacco and Cigarettes Industry are facing following issues;

- The Tobacco exporters are facing this problem when the issue of payment where banks do not credit the exporters' bank account on partial remittance of Foreign Currency's equivalent amounts. In such cases banks insist that exporters' account will only be credited in local currency upon 10% remittance of the export value. The SBP Policy in this regard differed with the general banks policies, and banks are liable to credit the concerned amount within 3 working days of the receipt of such payment. It is not the prerogative of the banks to withhold such partial payments in Foreign Currency –FCY and make the exporter wait until full realization of FCY from abroad. In such a case, the bank is liable under consumer protection laws and the exporter may approach SBP or SBP Consumer protection department for immediate resolution of the same.

Swabi Chamber highlighted this issue in the 2020-21 with provincial Industries Department, SBP and KPBOIT and the issue is partially resolved. But we need to adopt the clear and strict policy over this matter to facilitate the exporters to get the remittances with in the define period of time in laws as early as possible.

- The Tobacco Industry exporters are paying Provincial Excise Department Tobacco Cess. Provincial Minister Hon'ble Abdul Kareem Khan Tordher recommended waiver of 1% of the tobacco export tax is proposed due to its minimum financial impacts and maximum ease of doing business benefits (Excise & Taxation, FBR). But that was not granted in the preceding year budget. The Industry, exporters and growers wants the complete waiver of tobacco cess to promote the national exports and to facilitate the exporter to earn more foreign currency on their exported products.
- As per 18<sup>th</sup> constitutional amendment Devolution Plan, Tobacco has to be an agricultural rather than an industrial crop. Several meetings with the vigilance committee as well as council of common interest have been held to determine the status of the tobacco crop but so far haven't reached to any logical conclusion.





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It's under purview of federal ministry of commerce.

### **Goods Transporters, Hotel Restaurants and Marque Hall Service Providers:**

The Logistic Supplies Blood line is another notable services sector to the national economy with the GDP contribution of 10% and 7% with employment opportunity sector at national level. The allied facilitator for the events is hoteling, restaurant and marque hall services providers. They are generally consider as the hospitality industry, and their documented contribution for the national economy is notable and in billion in every fiscal year.

Pakistan's tourism industry has always had limitless untapped potential, but the greater part of the last decade was spent recognizing this potential. In 2019, the country's GDP was attributed to tourism, which helped in the creation of nearly 4 million jobs. Within the first quarter of 2020, the year tourism was poised to break all previous records; the world was struck by a pandemic. But what happened from there on, and how did the local tourism industry make a comeback within the same year

In this context, remember that these services providers already affected with COVID19 in 2020 and 2021. These sectors need revival and promotion to provide their services very efficiently.

The industry facing issues with national and provisional taxation system. The single point recommendation from industry is follows;

- Provisional Revenue Authority KPRA registration is mandatory for all the logistics supplies transport companies and services providers, as per the constitution the industry stakeholders are doing their best to promote the provisional revenue. They are requesting for the exemption in submission of preceding year return.
- It is our humble request to all the trade, commerce and industrialization promotion department and revenue collection authorities. The Economy needs revival and with this facilitative measure we can promote the ease of doing of business and improve the registration of service providers. If the facilitation granted as requested with preceding



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years exemption this will motivate the services provider to ensure their full cooperation with provisional revenue collection authorities.

### **Airlines Tickets Tours and Travels Operatives Sector:**

Air Ticketing Tours and Travels Operatives are playing their remarkable role to promote and revive this economy. According to the statistics of International Air Transport Association – IATA this industry contributions to the national economy are major. The industry providing direct and indirect job opportunity to almost 500,000 personals.

The Gross Value Added contribution to the national economy is USD 3.3 billion, direct jobs are 56,000 the worth is USD 1.1billion, Supply Chain worth is USD 0.6billion with job opportunities to 120,000 personals, Employee Spending USD 0.03 with job opportunity 70,000jobs allied support to international and domestic tourism is USD 1.3billion with 253,000jobs.

As we know the aviation industry badly affected with COVID19, and most of the airlines suspended their flight operations. The Industry supporting the hospitality and tourism industry and facilitating the national authority for Pakistan Civil Aviation Authority –PACAA.

- The Air Tickets Agents in all over the country facing issues due to the regulations implementation over the airline industries. That's making the confusion among the facilitation service providers and their clients.
- The Airlines representing at national and international level are not charging their customers in a systematic way and their ticket prices needs proper supervision.
- In this context, their prices for tickets quoted online and charging to the customers have difference. That's creating problem to the airline ticketing agents. Their association wants to brief more in details about this issue, if the competent authority facilitates them with the scheduling of meeting in this regard. This will be a facility for all the stakeholders to represent their issue.



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We are looking forward to your good self to facilitate your good office with close liaison to promote the trade, commerce and industrialization and economic activities and hopeful these issue will be address at every level and will be resolved as early as possible

Thanking You.

**Muhammad Salman Khan.**

Secretary –General