



**SWABI CHAMBER OF  
COMMERCE AND INDUSTRY  
SWABI**

Ref: SCCI -2023/706-02

Date: 11-02-2023

**Subject: Core Issues of Respective Chamber/ Association for the Economic  
Development of Khyber Pakhtunkwa.**

In continuation of FPCCI Regional Peshawar request reference no. 17(5) FPCCI –PSH /23/8130 of dated February 10, 2023 regarding the Core Issues of Respective Chamber/ Association for the Economic Development of Khyber Pakhtunkwa.

The List and details of the core issues for the Economic Development of Khyber Pakhtunkwa are as follows;

1. Unlawful Increase in MDI/Fix Charges in the Industrial Consumers Electricity Bills:
2. New SNGPL Connection Issues:
3. Power Generation through Wheeling:
4. Ring Road Project to Link the Gadoon Amazai Industrial Estate with M1 Motorway.
5. Swabi Chamber Office in the Prime Vicinity of District Swabi as Approved by the Former Chief Minister Khyber Pakhtunkwa.
6. Establishment of Common Business Facilitation Center –CBFC.
7. Women Development & Empowerment Project.
8. Development Policy for Cottage Industry and Trading Businesses.
9. Tarbella Reservoir & Power Generation Royalty Development Funds Allocation.
10. Development Promotional Policy for Overseas Pakistani Workers.
11. Updation about Tobacco Cess Funds Allocation for Development in District Swabi.
12. Afghan Transit Trade issues. and
13. Tourism Development in Khyber Pakhtunkwa.

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## SWABI CHAMBER OF COMMERCE AND INDUSTRY SWABI

### Core Issues for the Economic Development of Khyber Pakhtunkwa.

#### **01. Unlawful Increase in MDI/Fix Charges in the Industrial Consumers Electricity Bills:**

Pakistan's current deficit is more than USD 17 billion. In this situation, it is difficult to provide cheap electricity to the country's manufacturing industries. In December 2022 the Power demand fails to pick up showing the dismal state of the energy sector as well as the national economy.

On the other side industrialists of Khyber Pakhtunkhwa, are in a struggle against the "Enhanced MDI/Fix Charges" as imposed under the notification of July 25, 2022. That's against the spirit of business facilitation and the industrial community taking it as unlawful. In accordance with the petitioner's filled request. The Amount in the shape of MDI/Fix charges levied in excess of the actual indicated load on meters (MDI) are illegal and void ab-inito and therefore be set aside. They also demand for any other relief that this court deems fit and proper may also be granted in favor of petitioners.

A country under these circumstances cannot provide cheap and uninterrupted supply to its commercial and industrial users, which is the bloodline for its production plants. The High Tariff Power will defiantly cause more inflation in the country. The Economic Crisis, bring the country at the edge of default. The Situation is at its worst; the temporarily closed industries are paying 50pc of their sanctioned load as fixed charges, which is approximately a million on a limited-scale unit.

#### **02. New SNGPL Connection Issues:**

The SNGPL issuing the new connection of RNLG, that's unlawful. In continuation of this, notices has been issued to the old consumers to convert their connection in RNLG.

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Khyber Pakhtunkhwa is producing 450 MMCFD of gas while the total consumption of gas is less than 200 MMCFD. The Natural Gas produced in Khyber Pakhtunkhwa and in accordance with the constitution we have the right to claim the reality. The Industrialists are considering the imposed policy as unlawful, and a case of complete disfavor. It is against the spirit of business and legislation of the compatibility commission. Therefore, it is unfair to compel the purchase of RNGL despite having surplus quantity of natural gas and having priority right of the province.

In current Economic situation, the market compatibility is not in favour of the industries as operating in Khyber Pakhtunkhwa. That's also affecting the right of Export with compatibility market profit margins. That also affecting the industrialization policy of provincial government.

### **03. Power Generation through Wheeling:**

The "Wheeling Regulations" under the NEPRA (Wheeling of Electric Power) Regulations 2016 can bring a positive change to provide the cheap and uninterrupted power to the industries at very reasonable rates. As vocal and prime contributor on businessmen issues Swabi Chamber submitted its writing notes to FPCCI and SDPI in January, 2023 as for the "Power Policy Development" project on also participated in the stakeholders meeting in February, 2023.

The Short brief over the "Power Generation through Wheeling" is as follows;

- In June 2020, Pakhtunkhwa Energy Development Organization PEDO launched the project of phase one of 18.00 MW (Pehur) of electricity supply to National Grid. This is located at Pehur High Level Canal on the right bank of River Indus Downstream of Tarbela Reservoir in District Swabi. At the earlier PEDO had been selling electricity Rs. 4.5 per unit to the national grid. That has been reduced to Rs. 3.5 per unit, now.

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- While providing electricity in the phase one, DISCOS objected to providing electricity to industry, urging that industry was the good consumer of DISCOS and they did not want to lose their consumers. PEDO had requested DISCOS to allow them to provide 40% share of electricity to industry and to convince DISCOS, PEDO offered that they would sell electricity only in the off peak hours and not in peak hours. After successful negotiation they started supply of electricity to industry Rs. 7.5 plus wheeling charges. That was a win-win situation for the industry as well as for the PEDO. As PEDO received more per unit price as compared to injecting electricity to the national grid i.e. Rs 7.5 instead of 3.5 while the industry receiving electricity at cheaper rates.
- PEDO launched 2nd phase of 148 MW for which they called the impression of interest from industries for which 73 industries showed their interest in the bidding. In the meanwhile, Multan & other discos approached the Islamabad high court against wheeling charges and demanded Rs. 15 per unit wheeling charges. In this regard, PEDO held several meetings with the then Secretary of Energy and tried to convince them to allow the supply of electricity to industries through wheeling but all in vain.
- The meetings discussed the issue of the locational disadvantage, as the industries are very far away from the sites of PEDO and do not have its own transmission network, it was unable to supply electricity to industry directly but to inject in the national grid at cheaper rates.
- In April 2022, Islamabad High Court dismissed the plea of the DISCOS. PEDO was trying its best to settle the matter with the Ministry of Energy and DISCOS out of the court. The Ministry was of the opinion that, if they

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allowed wheeling at cheaper rates then all the industries would shift to Khyber Pakhtunkhwa.

- That currently wheeling is continued for phase one while for the second phase PEDO tried their level best to settle the matter out of the court, for which PEDO held meetings with the ministers, federal secretaries etc. PEDO with proper consent of Khyber Pakhtunkhwa government did correspondence with NEPRA for allowing wheeling at Rs. 3.0 to Rs. 5.0 per unit.
- Pakistan's manufacturing sector total share is 12.3pc in FY2022 and it employed 16.1pc labour force. It is amongst the major prominent exporters textile to the world market. Khyber Pakhtunkhwa providing 10pc to Pakistan's total manufacturing sector, almost 10pc of total Pakistan textile industry configured and operational in Khyber Pakhtunkhwa and provision of electricity on cheaper rates will help a lot to industries located here. This will start a new era of industrialization in Khyber Pakhtunkhwa. But the bureaucracy of the Federal Government is very reluctant in this matter.
- In the month of January 2022, the Secretary of Energy and Petroleum during his visit and during the discussion shared concerns. That if they would not facilitate the consumer then they will reduce their consumption. But if the Industries of Khyber Pakhtunkhwa would be facilitated then other provinces industries will increase their consumption and produce more and more. In case of non-availability of electricity to the industry then no one will invest nor will the existing industry run its operations.

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- South Korea was producing electricity via using nuclear resources. There are networks of small, medium and large scale industries everywhere. In Khyber Pakhtunkhwa, the textile industries producing electricity through generators and Captive Power Plants for which they were using natural gas. If electricity would be available to these textile industry at cheaper rates then they would not use the gas, and get the electricity from PEDO meaning thereby the gas would become surplus and the government would use this surplus gas at any other place.

### Proposals Under Consideration:

- In this continuation of all this summary background at the latest stages different proposals are under discussion and presented to the stakeholder departments through different forums in scheduled meetings by different trade and industry promotion department.
- Khyber Pakhtunkhwa is producing 450 MMCFD gas while the total consumption of gas is less than 200 MMCFD. The Natural Gas produced in Khyber Pakhtunkhwa is supplied to fertilizer industry of Punjab. After the Wheeling these industries will get the surplus amount of Natural Gas for their production. Through this the government/ discos could get the extra income.
- NEPRA's role is a kind of mediator, which requires being constructive and effective. In the CTBCM Regime, NEPRA is dividing the DISCOS in pieces. As the exemption is allowed for phase 1, probably NEPRA will also allow exemption to phase 2.
- As substitute option the prominent industrialists will approach the Senate Standing Committee, which will also be beneficial. PEDO recently

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constituted a committee for working on the proposal of its own transmission and grid stations and trying to produce more and more electricity. In the upcoming years, PEDO will be able to provide 1000 MW of electricity to the public sector, and 2500 MW to other sectors meaning thereby able to produce 3500 MW.

- At this stage, the 2nd Phase of PEDO and Prominent Industries from Khyber Pakhtunkhwa will consider the supreme legislative forum for intervention to resolve the matter. Being optimistic we are still hopeful for the relief in case of MDI/Fix Charges collection from commercial and industrial consumers.

These Limitations/ Restrictions not allowing the industries and investors to be fully focused on their primary matters related to production. The acts are against the spirit of industrialization in the country. We need to strengthen this Federation and to provide the ease in doing of business in over all the country.

#### **04. Ring Road Project to Link the Gadoon Amazai Industrial Estate with M1 Motorway:**

It is amongst the high priority demands from the Industrialists of Gadoon Amazai Industrial Estate in district Swabi.

- There are 168 industrial units are operating in mentioned industrial estate. The Project is approved under the PSDP funds with at worth of Rs. 7billion.
- In August 2022 the Provincial Environmental Department and National Highways Department completed their feasibility reporting and the route is approved for construction.
- At all the defined stages the Swabi Chamber of Commerce and Industry actively participated and the updates of project were shared with business community.

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We are demanding to start the construction work as early as possible on this Ring Road Project to provide the shortest linkage route to the industries of Gadoon Amazai Industrial Estate.

### 05. Establishment of Common Business Facilitation Center –CBFC.

The Project is about establishing the Common Business Facilitation Center -CBFC at Gadoon Amazai Industrial Estate, district of Swabi. The facilitation center, managed by the Swabi Chamber of Commerce and Industry, will act as a one-window facility for the development requirements of Cottage industries, Small and Medium enterprises.

- The Center will provide laboratory analysis and testing facilities to industries, Technical and Non –Technical information, products, and services related to marketing, technology, and support in access to finance, regulatory compliance, business registration, corporatization, taxation, and capacity building support and services to the manufacturing industries and potential entrepreneurs.
- The aim of the project is to provide ease of doing business and to facilitate the industries with a wide range of technical and non–technical services to prove the one–window solution of issues and to help them with promotion opportunities to enhance their capabilities and credibility for exports.
- This will help them to adopt innovative developments and to achieve sustainability.

### 06. Swabi Chamber Office in the Prime Vicinity of District Swabi as Approved by the Former Chief Minister Khyber Pakhtunkwa.

In 2021, the Former Chief Minister of Khyber Pakhtunkwa on recommendation of FPCCI Regional Office Peshawar approved the plots for all Chambers of Commerce and Industries of

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Khyber Pakhtunkwa. Swabi Chamber in close coordination with the local administration to acquire the passion.

It is mandatory and accordance to the rules of Regulator Trade Organization that this office must be located in the prime vicinity of district Swabi. We need facilitation from the Hon'ble Mr. Muhammad Adnan Jalil, as Caretaker Minister on Industries, Commerce and Technical Education Department.

### **07. Women Development & Empowerment Project.**

Although District Swabi is amongst the most Educated and Economical contributor district of this province. But almost 82pc of its population is living in the remote rural areas.

- In the current global scenario the world is focused to develop its rural areas and providing more opportunities to the Women.
- We are requesting to provide the development projects through different leading donor department like INGOs to improve the rural development and to provide the more Empowerment to Women.
- This will able them to start their own small businesses and helps them to achieve the financial stability.

### **08. Development Policy for Cottage Industry and Trading Businesses.**

In the current economic situation we need to provide more opportunities to the cottage industries. The Traders are also feeling insecurities, they are the most pivotal part of this economic system. We need to protect their rights and to support them.

This will able them to achieve sustainability and provide more strengthen to the SMEs. For this reason we need a development policy for the cottage industries and trading businesses.

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### **09. Tarbella Reservoir & Power Generation Royalty Development Funds Allocation.**

District Swabi contributed its land and resources for the construction of Tarbella Reservoir. The Government allocated royalty and development funds for this reason. As businessmen association of district Swabi we need complete information of the allocation sectors and completed and ongoing development projects under the approved royalty development funds.

### **10. Development Promotional Policy for Overseas Pakistani Workers.**

There are around 10million countrymen are working in the other countries. As nation we are found of their contributions. They all are the ambassadors of Pakistan. In this tough economic situation around 765 thousands went abroad as Overseas Pakistani.

We need a development and promotional policy for these overseas Pakistani workers to build their capacity and help them to earn more money with sustainability. It is requested to maintain the close coordination with prominent donor department to facilitate the aspirants overseas and facilitate them with more incentives and encouragements.

### **11. Updation about Tobacco Cess Funds Allocation for Development in District Swabi.**

In accordance with the issued data of the Pakistan Tobacco Board –PTB regarding the exports of Tobacco manufactured and substitutes different companies, dealers, and agents exported 22,390,370Kg of tobacco during FY 2021-22 and brought USD 77,337,191/-.

The Businesses are paying Tobacco Cess, Federal Excise Duties, Income, and Sales taxes. The Revenue generated through Tobacco Industry Cess is used for development purposes. As a businessmen association, we are requesting to know about the details and allocation of funds for district development.

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### 12. Afghan Transit Trade issues.

The bilateral trade between Pakistan and Afghanistan recorded \$149 million in December 2022 which was \$171 million in November 2022 thus showing a decline of 12 percent. However, Both countries' trade increased by 25% in comparison to December 2022 to December 2021. It is pertinent to note that Pakistan and Afghanistan trade was \$119 million in December 2021 which reached to \$149 million in December 2022 however a declining trend is being recorded in bilateral trade between both countries.

Pakistan has exported goods like Cement, Rice, fresh fruits, medicines, confectionery items, dairy products, slag, tableware, household articles, plastics worth \$149.47 million to Afghanistan in December, 2022. Pakistan imported goods worth \$57 Million from Afghanistan which included cotton, tomatoes, Coal, chromium, Iron scrap.

Pakistan and Afghanistan have also discussed the possibility of a Preferential Trade Agreement (PTA) and there are chances that both countries sign PTA in coming months which will boost trade. In view of all the shared statistics, we need to facilitate the Business community.

It is necessary for the mutual bilateral trade development both brotherly neighboring nations consider the issue for the promotion of economies and to open the more transit trade points at borders for the facilitation of business community for custom clearance.

### 13. Tourism Development in Khyber Pakhtunkwa.

United States expecting USD 190.40 billion in 2023 through Tourism Industry. At this stage Pakistan expecting only USD 03 million through the available capacity of travel and tourism sector. The Nature blessed us with the all kind of resources. We need to explore them. In this context the Tourism Industry can play a vital role. This will help the economy in *re-revival* to provide jobs and new business ventures from Young Entrepreneurs.

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The Chambers of Commerce and Industry role in development of tourism industry is very pivotal. In this context, government needs to promote the trade organizations and provide them the opportunities.

Swabi Chamber will be thankful to all the participants, and stakeholders department for their valuable attention and perusal.

Thanking You.

  
**Muhammad Salman Khan.**

Secretary General  
SECRETARY GENERAL  
SWABI CHAMBER OF COMMERCE  
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THE FEDERATION OF PAKISTAN  
CHAMBERS OF COMMERCE & INDUSTRY  
وفاق ایران هائے تجارت و صنعت - پاکستان

MOST IMPORTANT/  
IMMEDIATE

Ref No. 17(5) FPCCI-PSH/23/8130

Date: February 10, 2023

MR. MUHAMMAD BABAR HAMAYUN  
PRESIDENT  
SWABI CHAMBER OF COMMERCE & INDUSTRY  
1-B, NEAR EZ DMC OFFICE  
GADOON AMAZAI, INDUSTRIAL ESTATE  
DISTRICT SWABI, KPK

**SUBJECT: CORE ISSUES OF RESPECTIVE CHAMBER/ASSOCIATION FOR THE ECONOMIC DEVELOPMENT OF KHYBER PAKHTINKHWA**

Dear Sir,

Greetings from The Federation of Pakistan Chambers of Commerce & Industry.

The FPCCI has its fingers on the pulse of the economy and serves as a bridge between the private sector and the Government, which is an apex body with primary aim to promote, encourage and safeguard the interest of private sector in Pakistan. FPCCI has advocated and voiced the collective opinion, concern and aspiration of the private sector and offered helpful advice and solid assistance to the Government in its efforts to promote exports, encourage foreign investment and stimulate economic activities in the country.

It's my pleasure and honor to inform you that FPCCI former Vice Presidents *Mr. Muhammad Adnan Jalil, is now Caretaker Minister on Industries, Commerce & Technical Education Department and Haji Fazal Ellahi is Caretaker Minister on Food and Irrigation Department, Government of Khyber Pakhtunkhwa* and the business community needs government's patronage to redress their grievances for smooth trading which in economic growth across the country.

It has been requested to all Khyber Pakhtunkhwa chambers/Associations to come up with the list of your problems/bottle necks/hurdles facing the business community of your constituency, may be different from other chambers/Association.

FPCCI, regional office would be available to step ahead and voice your issues at related forum at its best level with positive results.

Thanking and assuring you for our prompt action, if you could send your concerns with in one-week (07) days from today i.e. **February 10, 2023**.

Looking forward for your good response, please

With profound regard,

**SARTAJ AHMAD KHAN**  
Coordinator, FPCCI, KP

Copy to:

- Mr. Muhammad Adnan Jalil, Caretaker Minister on Industries, Commerce & Technical Education, GOKP
- Haji Fazal Ellahi, Minister on Food and Irrigation Department, Government of Khyber Pakhtunkhwa

**FPCCI Regional Office, Peshawar**

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