

Higher interest rates, inflation: FPCCI president claims industries heading towards bankruptcy

ISLAMABAD: While criticising higher interest rates, the newly elected President of Federation of Chamber of Commerce and Industries (FPCCI) Anjum Nisar Tuesday said the industries were heading towards bankruptcy with existing economic policies. "Pakistan's economy has been suffering from one of severest conditions it had ever faced where inflation is on higher side that is evaporating purchasing power of common man," Anjum Nisar said while addressing all Pakistan Chambers Presidents Conclave arranged by Islamabad Chamber of Commerce and Industry (ICCI) here. He delivered this hard-hitting speech in the inaugural session.

The FPCCI president said the world changed into global village and the trade agreements such as Preferential Trade Agreements (PTA) and Free Trade Agreements (FTAs) especially with China caused havoc with Pakistani industries. "With existing interest rates, industrialisation has become impossible in our country," he said, and added that the policy rate of 13.25 percent with Karachi Inter-Bank Offered Rates (KIBOR), which is highest in the whole region, made the country's industries unviable. He said the policy rate in India stood at 5.4 percent, Bangladesh 5 percent and China 7 percent, while in Pakistan it was hovering around 13.25 percent, but it further went up to 16 to 17 percent when the banks lent to the industrialists.

The FPCCI president said when he met with Prime Minister Imran Khan on Monday last, he made a request to him that instead of making plans to revive sick units there was need to make contingency plan to avoid converting running units into sick units in the presence of existing economic policies. He highlighted that the price of utilities, especially electricity tariff, proved industries uncompetitive as price of electricity on average stood at 15 cents per kilowatt (Kwh) while its price in Bangladesh was ranging at 7 cents, 8 cents in India and 10 cents in China. "We asked for level playing field for our survival," he added.

He said that Pakistan was agro-based economy but the agriculture sector was not performing well. He said that deindustrialisation occurred in the country that also resulted into deteriorating textile exports. He said the country had produced 15 million bales of cotton but its production stood at less than 9 million bales this year that would have far reaching negative impact for surge in trade deficit. If cotton production in India could jump up from 12 million to 42 million bales it indicates that there was no rocket science involved in it and Pakistan could do the same by improving seeds, pesticides and technical expertise.

He said keeping in view scarcity of agriculture land, there was need to promote cooperative farming. He said that Pakistan would have to focus upon quarantine issues to improve its agri and fruits exports. He said that business community was not asking for subsidy but they wanted level playing field so that they could compete for increasing share in exports at global level.