

PM urged to save export-oriented industries from collapse

KARACHI: The President of the North Karachi Association of Trade and Industry (NKATI), Naseem Akhtar, has appealed to Prime Minister Imran Khan, Finance Adviser Abdul Hafeez Sheikh and Adviser on Commerce and Investment Abdul Razak Dawood to save the export-oriented industries from complete collapse because if the industries shut down then unemployment would rise.

Expressing his concerns over media reports regarding the government not restoring the zero-rated regime, the NKATI chief said that if the government did not restore the zero-rating system for the five export sectors, they would face a severe financial crisis and be forced to close industries due to lack of capital.

“The refusal of the government to restore SRO 1125 for export industries and restore the system of ‘No Payment No Refund’ is an indication that the government has no interest in promoting exports. Corona has destroyed business and industry and made it extremely difficult for industries to survive. Despite all this dire situation, the government’s neglect of the export sector is a matter of great concern to the industrial community,” he added.

Naseem Akhtar said that the government first collected 17 percent sales tax from the export sector and then instead of focusing on tax collections, the entire tax machinery of the FBR was used for tax refunds.

Even so, sales tax refunds took four to five months while the automated sales tax refund system “Faster” had become ineffective.

This meant that the industrialists should have separate capital for exports and for government also in terms of sales tax as a result of their capital being stuck, he said.

Patron-in-chief of NKATI, Capt. A Moiz Khan, asked why the government was reluctant in restoring the “No Payment No Refund” regime in view of the current severe economic crisis.

The government should introduce relief measures for reviving trade and industry in the wake of the economic catastrophe due to the coronavirus and provide maximum facilities to restore industrial production “so that we can regain our lost share in the international markets”, and the country could move in the direction of economic development, he said.

He said that a majority of buyers in Europe and the USA had lost the ability to purchase goods on cash and were instead demanding goods on credit, and China and India were ready to give them this facility.

Therefore, if the government did not provide immediate relief to the export-oriented industries in terms of taxes and if the government did not help the industries in reducing their cost of production, then the country's exports would go down further, leaving exporters vulnerable to bankruptcies.

“The State Bank of Pakistan has provided loans to employers to pay workers' salaries. Despite all these facts, the government's refusal to provide relief to the industries is discouraging the investors, leading to closure of existing industries,” he pointed out.

Capt. A. Moiz Khan and Naseem Akhtar appealed to Prime Minister Imran Khan, Finance Adviser Abdul Hafeez Sheikh and Adviser on Commerce and Investment Abdul Razak Dawood to restore the zero-rating regime for the export-oriented industries so as to boost domestic industries and create vast employment opportunities.

They said that significant foreign exchange could be earned by increasing the country's exports.