

### **SC directions hailed, LCCI submits proposals for budget 2020-21**

LAHORE: The Lahore Chamber of Commerce & Industry (LCCI) has submitted its budget 2020-21 proposals to the federal government amid Covid-19 economic scenario suggesting deferment of interest payments of the businesses for six months, grant of exemption from the payment of Sales Tax on imported plant, machinery, equipment and components, reducing electricity tariff for all the sectors to 7.5 cents/kwh.

The LCCI also recommended deferment of the electricity and gas bills of all businesses for a period of six months. It also suggested to the government that source of income should not be asked on any kind of investment in any sector of the economy for the next two years.

The LCCI also proposed to the government that the income tax rate should be reduced to 15% for the businesses for the next one year. It also suggested that all raw materials not manufactured locally must attract zero custom duties; hence regulatory duties (RD) and 2% additional custom duty (AD) on raw materials be eliminated.

The LCCI also requested the government to take steps to reduce the interest rate to 5% in line with the regional economies, as the high policy rate has made borrowing expensive for private sector.

To improve the access to finance for SMEs, the LCCI proposed that the government must introduce a scheme of interest free loans for the registered SMEs. It also proposed that the existing credit limits of the businesses who have taken loans from various banks should be enhanced by 25% so that they are able to utilize this finance to resume their businesses after the economic activity starts in a few months.

The LCCI also suggested supportive measures for the shopkeepers so that they only have to pay 50% of their rent each month for the next six months while the remaining rent is waived off. It recommended an efficient system of refund payments on permanent basis to solve the issue of refund payments of businesses to avert any liquidity crisis. It also requested the government to take steps to strengthen the local currency and mitigate the impact of recent devaluation. To remove uncertainty among the businesses, the currency rate should be fixed on quarterly basis. State Bank should keep a buffer of 5% to manage the fluctuations in the exchange rate, the LCCI suggests.

To reduce the cost of doing business, the LCCI proposed to the government to reduce the rate of withholding tax. Since most of the businesses operate on very low profit margins, this rate of 4.5% should be brought down between 0% and 1% to make sure that businesses do not face liquidity problems. It further suggested to the government to focus on development of state-of-the-art slaughter houses as per international standards. It recommended restoring agriculture competitiveness through innovations that renew growth in on-farm productivity (through modernizing farm management) and improve efficiency and quality throughout the post-harvest value chain, investing in efficient irrigation practices to increase availability of water, reducing price volatility of inputs, especially fertilizers, enhancing the targeted availability of agriculture credit to small farmers, development of high yielding Hybrid Seed Varieties and improvement in provision of certified/tested seeds.