

**Cut in power tariff for SMEs, 'Increasing circular debt a continuous threat for govt's move'**

KARACHI: President of Federation of Pakistan Chambers of Commerce and Industry (FPCCI), Mian Anjum Nisar has said that the increasing circular debt in the power sector is a continuous threat for the government's recent move of cut in power tariff for SMEs.

He appreciated the Economic Coordination Committee (ECC) of the Cabinet to form a committee of all stakeholders to prepare a proposal on modalities for clearing the circular debt of around Rs 1.6 trillion, saying it is a right step in the right direction.

He said that the issue of circular debt will continue to haunt the Prime Minister Imran Khan's resolve of reducing cost of doing business, elimination of peak-hour charges from industrial power tariff and discount on consumption of additional units for B1, B2 B3 connections.

Referring to the audit report of the Ministry of Energy, he said that circular debt was Rs 1,415 billion in 2018, which was jumped to Rs 2,150 billion in June 2019-20 while it skyrocketed by another Rs 116 billion in the first quarter of 2020-21 to astounding amount of around Rs 2,266 billion.

He called for power sector reforms, considering the matter of over billing, technical losses, transmission issues, proposal on decentralization of the sector, promotion of off grid solutions, incentives for renewable energy solutions and capacity payments to the independent power producers.

He added that if the government failed to take immediate measures the power sector is likely to choke up due to heavy outstanding dues.

Mian Anjum Nisar said that the overall power sector reforms can be included closing down of inefficient IPPs, re-negotiations with the IPPs, bringing reforms in govt-owned power producing plants, improving efficiency and reducing costs of Wapda plants, besides converting the agriculture tube wells in Balochistan to solar in collaboration with the provincial government to reduce the cost.

The FPCCI chief said that the government had pledged to revamp the power sector and continued to raise electricity prices to eliminate subsidies but failed to implement reforms to make the power sector efficient.

He said that the circular debt issue could have been resolved today, if the government had eliminated production, transmission and distribution losses; checked electricity theft and recovered the outstanding electricity dues.

He appreciated the recent decision of cut in power tariff for Small and medium-sized enterprises (SMEs); elimination of peak-hour charges from industrial electricity tariffs, 50% discount on consumption of additional units for B1, B2 B3 connections and 25% discount on additional consumptions for industrial connections for 3 years.

He said that it will boost productivity, lower costs, encourage manufacturing, enhance exports and generate employment. "We express confidence in government policies and assure to continue to work with it for the prosperity and economic development of the nation," he added.