

Soaring circular debt may pose more economic challenges: LCCI

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REPORT

LAHORE: The Lahore Chamber of Commerce and Industry has feared that soaring circular debt would bring in more economic challenges for the country, therefore it should be controlled through disciplinary measures.

LCCI President Malik Tahir Javaid said that rising circular debt is the biggest threat to the power sector and can become a major hurdle in power generation. He said that distribution losses, less recoveries, non-payments are the biggest reasons of heavy circular debt. The power sector has already started feeling the heat of circular debt and situation may further aggravate in the days to come which would hit trade, industry, agriculture and public very hard, he said.

He said that concerned departments have always chosen easy way to allow power distribution companies to charge heavy system losses from consumers. He also urged NEPRA and other concerned authorities not to facilitate and encourage defaulters by writing-offs and putting whole burden on the shoulders of consumers.

Malik Tahir Javaid said that repeated increases in power tariff are not solution to power sector problems but the government would have to address inefficiencies in the system. He said that NEPRA is continuously adding up a staggering amount as circular debt due to inefficiency in collection of electricity dues and its failure to stop power theft.

“These inefficiencies are actually an unjust tax on honest power consumers. The industrial sector as a whole pays its dues in-time and there is no line losses/theft in most of the industrial estates and industrial estates in Lahore are one example”, he added.

He said that power sector planners should take cue from the efficient distribution companies (Discos) where line losses are at the lowest. He said unimpressive growth of exports sector is indeed an eye opener.

LCCI Senior Vice President Khawaja Khawar Rasheed and Vice President Zeshan Khalil urged the government to shift power generation from costly thermal means to cheap hydel resources. Some three decades ago the energy mix of Pakistan was roughly 70 percent from hydel resources and 30 percent from others. This proportion

has almost reversed expensive energy mix is causing more problems for us. The high price of energy adversely affects the export competitiveness of country as it takes major share in the production cost. The business community will be much relieved if per unit price of electricity is brought down because that would make our products more competitive in international market.

The office-bearers said that unlike Pakistan, neighbouring countries took right steps at appropriate times while building a number of small and large size dams in the same period of time. Present regime has set its economic priorities that are a good sign they said and hoped that the government would also focus reduction in circular debt.