



Towel Manufacturer's Association of Pakistan

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1233/TMA

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MEMBERS OF THE ASSOCIATION

SUBJECT: **TMA'S PRESS RELEASE**

PUBLISHED IN TODAY'S DAILY BUSINESS RECORDER & TRIBUNE

Dear Members,

Attached Please find herewith TMA'S "Press Release" Published in today's "Daily Business Recorder" & "Tribune" dated 25th June, 2020, forwarding for your kind information and record please

Regards,

M. Muzzammil Husain

Secretary General



Affiliated with the Federation of Pakistan Chamber of Commerce and Industry

Power sector: Government to make consumers pay for 'inefficiency': TMAP

KARACHI: Ministry of Finance has made clubbed amendments to the NEPRA Act with the Finance Bill 2020-21 to get it passed before July 1, 2020 as per agreement with the International Monetary Fund (IMF) aimed at empowering the regulator to pass on the cost of the inefficiencies of the power sector to the consumers through imposition of the Debt Servicing Surcharge (DSS), says a press release issued by the **Towel Manufacturers Association of Pakistan**. The benchmark of transmission and distribution losses are 4.30% annually, but a NEPRA report, published in 2018, showed 20.4% T&D losses, which means T&D losses ratio to be five times higher than that of the benchmarks. On the other hand, SSGCL and SNGPL benchmarks for unaccounted for gas (UFG) are 7.3% while both gas supply companies showed that their UFG losses are 12% to 13% annually.

The Towel Manufacturers Association of Pakistan said that it would like to draw the attention of the prime minister as well as the authority concerned to the fact that inefficiency of different entities put a financial burden on the consumers and on the national kitty.

During the tumult of COVID-19, the industrial sector is the main victim of the situation. Nevertheless, the industrial sector is the only sector that can reduce the effects of COVID-19 on the national economy.

The coronavirus has slashed economic activities by 50% and in some areas the economic activities have completely been halted. In the current scenario the government should step forward and take some special and remarkable measures for the manufacturing industry to make it flourish and support the industrial sector on all the issues. The export industry of this country has already been paying a high price for utilities as compared with some of the regional countries.

Despite the gloomy economic scenario, the government has imposed different types of charges through utility bills i.e. fuel adjustment charges, additional fuel adjustment GIDC, ISPA charges etc. on the export industry. Now, the government is going to make amendments to NEPRA Act to pass the cost of inefficiencies of the power sector on to the consumers through imposition of the debt servicing surcharge (DSS).

The Towel Manufacturers Association of Pakistan urged the government not to impose unjustified DSS charges on the industry, especially the export-oriented industry.

The textile industry is facing a deep financial crunch due to their various refunds - sales tax refunds, custom drawback, DLTL, DDT, etc. - being stuck with the FBR.

The Towel Manufacturers Association of Pakistan appealed to the government to avoid putting further financial burden on the industry, especially the export-oriented industry. The government should adopt corrective measures and make the textile industry competitive in the region.

Power sector: Government to make consumers pay for 'inefficiency': TMAP

KARACHI: **The Towel Manufacturers Association of Pakistan** has urged the government not to impose debt servicing surcharge on the industry, especially on the export-oriented sector, as the textile industry is already facing a financial crunch due to tax refunds withheld by the Federal Board of Revenue.

"We appeal to the govt to avoid putting further financial burden on the industry, especially the export-oriented sector," said **Muhammad Haroon Shamsi**, Senior Vice Chairman of the **Towel Manufacturers Association**. "The government should adopt corrective measures and put the responsibility of inefficiency on the entire power sector, rather than on consumers."

According to media reports, the Ministry of Finance has made amendments to the National Electric Power Regulatory Authority (Neptra) Act under the Finance Bill 2020 and is trying to get it passed before July 1.

The amendments are aimed at empowering the regulator to pass the cost of inefficiency of the power sector on to consumers by imposing the debt servicing surcharge.

The benchmark for transmission and distribution (T&D) losses was 4.3% on a yearly basis, but the Neptra report for 2018 showed 20.4% T&D losses, which meant the losses were five times higher as compared to the benchmark, **Shamsi** said.

On the other hand, the benchmark for Sui Southern Gas Company (SSGC) and Sui Northern Gas Pipelines Limited (SNGPL) in terms of unaccounted for gas (UFG) was 7.3% but both the gas utilities recorded UFG losses of 12-13% on a yearly basis.

He pointed out that the industrial sector was the main victim of the Covid-19 pandemic but only the industrial sector could reduce the adverse impact of coronavirus on the national economy.

As economic activities had come to a halt or slashed by 50% in the current scenario, the government should take some special measures to help the manufacturing industry flourish. "The export industry is already paying a high cost of utilities as compared to regional countries," said the senior vice chairman of the association.

Despite that, he added, the government had time to time imposed different types of charges through utility bills including the fuel adjustment charges, additional fuel adjustment and other charges on the export industry.

"Now, the government is going to make amendments to the Neptra Act to pass the cost of inefficiency of the power sector on to consumers through the debt servicing surcharge."