

**An exclusive interview with  
Mr. Muzammil Sultan**

**President  
The Faisalabad Chamber of  
Commerce & Industry**

**Could you tell us briefly about the major contribution and share of Faisalabad Industries in the total exports, productivity and economic development of the country?**

Faisalabad is the 3rd largest and 2nd revenue generation textile export based city and had been contributing upto 65% in total exports of textile since a long. But due to energy crisis the share is limited at 40%.

**The business community of Faisalabad has been protesting against the acute shortages of gas and electricity to their industries, which are causing great production losses. In this context, what is your viewpoint on the outcome of the second energy conference that was held in Lahore recently under the chair of the Prime Minister of Pakistan? Do you think that it would help resolve the energy crises faced by the industries?**

The acute shortage of gas and electricity disturbed the production process of industrial units as well the cost of production and doing businesses has increased. As concerning the 2nd energy conference, I have an optimistic view that if the decisions made at Energy Conference are to be implemented in the true letter & spirit across the board as assured by the Prime Minister of Pakistan and in this regard, all four provinces may be taken into confidence regarding implementation. Moreover, if the Federal Government is serious in overcoming the energy crisis as announced in the Energy Summit, Circular debt should be minimized and the outstanding dues may be paid to the oil refineries. However, hydel power generation plants may be built on war footing basis preferably in the Northern areas.

**How far it is true that the current energy crisis has forced many industries in Pakistan to shift their businesses to other countries like Dubai, Bangladesh etc.? What will be its repercussions on our national economy?**

It is true that a small portion of the industrialists have shifted their businesses and industrial units to Bangladesh, Sri Lanka and other countries due to multiple reasons like deteriorating Law & Order situation, high cost of doing business, Energy crisis and multiplicity of taxes. Subsequently, massive decline in productivity which will affect the GDP of the Country having adverse affect on overall economy. To



address this situation, Federal Government should introduce business conducive environment for the business community, so that they may compete in international markets.

**The textile sector in Faisalabad has been the major sufferer of the gas and electricity outages that has led to closure of many textile units? Could you throw some light on the intensity of this closure and what measures have been taken by your Chamber to tackle the concern of textile industry at the highest level?**

Majority of the Textile Sector is based on the Electricity and Gas. Unfortunately Government has failed to provide uninterrupted electricity and gas to the textile industry. In this regard, the textile sector is on the verge of collapse, many units have closed down resultantly thousands of laborers became jobless creating law & order situation in the city. Moreover it will increase the Non Performing Loans & less Tax Collection will hit FBR targets and less revenue / Foreign Exchange generation would affect overall GDP of Pakistan. In this respect, FCCI being the representative of trade and business community in particular and trade associations in general, have taken up the energy crisis issue with the Federal Government numerous times and in this regard strikes and protests had also been observed in legislative manners. The Chief Minister of Punjab in this regard assured to us take up this matter with Federal Government personally. However, the implementation and relief measures to overcome the energy crisis are still awaited from the Federal Government.

**What are your expectations from the forthcoming Federal Budget 2012-13? Would it provide some special incentives to the industrial sector to helping it in meeting the existing challenges?**

There is a dire need that the Federal Government should implement the measures being announced in the Federal Textile Policy of preceding year and allocate adequate amount (subsidy/tax holiday) for the textile sector and to overcome the circular debt issue. However, the ratio of sales tax may also be reduced in the forthcoming federal budget.

**The continuous rise in the petroleum prices around the year, irrespective of its international price, has increased the input cost for industries making it difficult for them to remain competitive in the international export markets? Would you like to shed some light on this with some suggestions to overcome this problem?**

At present the basic issue being confronted by the industrial and trade community is inflation. Perhaps, cost push inflation is the basic cause



*R to L: Mr. Muzammil Sultan, President (FCCI), Mr. Mohammad Iqbal Ghori, FCMA, Member Research, & Publications Committee and Mr. Arshad Mehmood, D. Director Faisalabad during interview.*



Mr. Mohammad Iqbal Ghori, presenting journal of the Institute to Mr. Muzammil Sultan

which has the multiplier effect on the cost of doing business. Whereby, continuous hike in petroleum prices results in high cost of doing business which leads our textile products in particular and the other products in general un-competitive in the international market. It is therefore suggested that the taxes on petroleum products may be reduced accordingly and the petroleum prices may be fixed for at least quarterly basis.

**The Management Accountants have the required expertise to help the industries in minimizing the production cost and helping them to cut wastages and loopholes in their production processes. How the Faisalabad Chamber and ICMAP can work jointly to educate the industries in Faisalabad about the importance of associating the Management Accountants?**

FCCI acknowledges that Professional Management Accountants are working as corporate leaders nationally and internationally. They can respond efficiently and flexibly to the fast-changing demands of market and economy according to international set standards. In this scenario FCCI with the help of Management Accountants can create awareness among the Business Community of Faisalabad. The functions of the Cost and Management Accountants are manifold. The advancement of knowledge by quality education, research, creative work and pursuit of ethical values, minimizing the cost, production planning controls, performance Monitoring Evaluation, are the primary functions of Cost & Management Accountants. FCCI requests ICMAP to arrange professional development training sessions for FCCI for further development of Industrial and Business Community of Faisalabad and shoulder the responsibilities as mould maker.

**The national economy is beset with innumerable challenges such as energy crisis, law and order situation, low GDP, rising inflation, etc. How serious is the Government in meeting these challenges and what role the business community can play in helping the government in this regard?**

At the moment Federal government has failed to overcome the energy crisis. In this regard it is the need of the day to exploit the resources of electricity generation by the private sector on their own. The private sector can shift the liabilities of the government of providing electricity to the industrial and business community, if the private sector is self sufficient to produce the electricity. A significant example regarding this issue is a number of IPPs already in operation in Faisalabad City.

**What is your stand on opening of free trade with India? What are the opportunities and threats?**

Trade between India and Pakistan is as old as the history of two countries, but the volume of trade between them is minuscule relative to the size of their economies. However, this has not always been the case. After 1947, Pakistan's exports and imports with India remained

quite significant for several years, as high as 30 % of exports & 10 % of imports. Later on both of them declined to less than 5 % (on average). In 1990s, volume of trade began to improve again when the average exports (\$ 85M) doubled the average of the past two decades. During the same period the increase in imports was also manifolds.

Over the last several years there is now growing pressure for such reciprocity both from internal and external stakeholders. The business community in particular and the traders in Pakistan have been advocating for complete opening up of the borders for trade for quite some time and with the current wave of dialogue and official visits between the two countries, their insistence has gained further momentum. Pakistan however has so far been very cautious about this issue. Exporters on the Indian side have been persuading their government to put pressure on Pakistan for reciprocating the MFN status. The opposition to MFN status for India is perhaps quite often based on the misconception of its definition. It is believed that giving MFN status is tantamount to giving some special status to India that would result in imports with duties either zero or less than what is levied at imports from other countries. This is nonetheless, not the case and MFN status only suggests that for trade purposes a WTO member country would not be discriminated with other member countries.

**It seems that industrial expansion and investments have halted down? Do you agree with this and how this situation could be improved for the overall betterment of the country's economy and industrial growth?**

Like I mentioned before, of course it has halted down as there is no Electricity and Sui Gas available for the smooth operations of any kind of industry. But as far as investment is concerned, that is masha Allah still coming in as you can see that China, India and other regional countries like Thailand, Turkey are coming in to invest in the Industrial estates of Pakistan very aggressively.. That is a clear sign that Pakistan still has a lot of potential and bigger players are interested to explore that potential.

**Anything you would like to share with our readers.**

Businessmen / Industrialists of Pakistan have a God gifted ability to perform their best in any kind of business locally and internationally and bring in lots of foreign exchange, provided if the proper infrastructure and level playing field may be provided to them alongwith uninterrupted electricity and gas. If they can survive today which perhaps is the worst case scenario I have seen in my whole life. I am very confident and I can assure you that there will be no need to get the loans from World Bank & IMF if Pakistani businessmen are given a 3-5 year comprehensive business conducive plan fully supported by the government. We have the ability and capacity to earn huge foreign exchange through exports of Textile & non Textile Products across the globe ■

*The interview ended with a vote of thanks to Mr. Muzammil Sultan, President, FCCI, a distinguished professional who spared his valuable time and gave his candid views. – Editor*



Mr. Muzammil Sultan, Mr. Mohammad Iqbal Ghori and other guests were present on this occasion.