

# **THE PAKISTAN STEEL RE-ROLLING MILLS ASSOCIATION**

**(Recognised By The Government Of Pakistan)**

**(MEMBER BODY OF THE FEDERATION OF PAKISTAN CHAMBERS OF COMMERCE & INDUSTRY)**

## **HEAD OFFICE**

No. PSRMA/3/5172

February 18, 2025

### **ALL MEMBERS LAHORE CIRCLE**

**MINUTES**

**OF**

**MEETING**

**DATED:- 15-02-2025**

The following members were present

1. Mian Manzoor Ahmad
2. Mr. Shoaib Javaid
3. Mian Abdul Rahman Ejaz
4. Mr. Sufi Imran
5. Mr. Usman Khalid (Online)
6. Mian Tariq Waheed
7. Main Muhammad Saeed
8. Sh. Muhammad Hanif
9. Mian M. Sethi
10. Mr. Awan

**The Following business was transacted.**

1. Confirmation of Minutes of Meeting Dated October 15, 2024.
2. To Discuss Budget Proposals
3. To increase in Staff Salaries.
4. Any other point with the permission of chair.

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**Mian Manzoor Ahmad**

**Chairman PSRMA**

**Presided**

- RECITATION:** The proceedings commenced with recitation from the Holy Quran by Hafiz Abdul Wahid Asst. Secretary PSRMA.
- Confirmation of Minutes:** Proposed by Mian Manzoor Ahmad Chairman PSRMA seconded by Mian Abdul Rahman Ejaz Executive Committee Member the minutes of the last meetings held on 15-10-2024 were confirmed unanimously.
- To Discuss Budget Proposals:** - The following points were discussed and decided to convey the view point of PSRMA to the Federal Finance Minister & Chairman FBR.

- a. Reduction in Rate of Turn Over Tax from 1.25% to 0.5% :-**

The turn over tax was fixed in the budget 2021-22 as 1.25%. This was already on a very high side due to nominal profit ability margin in the Steel Industry. It comes to Rs. 2813/- per ton on Rs. 225000/- value of One Metric Ton Steel Bars as per Notification of FBR SRO 501(1)2023 dated 20-04-2023. These Rs. 2813/- may be on a profit of Rs. 8037/- Per Metric Ton which is not possible in any case. As per above said notification of FBR value addition is of Rs. 30000/- (Rs. 225000 – 195000). How the profit of Rs. 8037/- is possible on Rs. 30000/- which is further subject to Labor, Electricity, Gas, Wastage & other factory overheads. PSRMA suggests in view of profit in few hundred on One Metric Ton the turn over tax may be around 0.50% of turn over taking in view the value addition of Rs. 30000/-.

- b. Separate Bench Mark of 130 Units of Electricity consumed for Small & Medium Re-Rolling Mills (Operated Manually) for manufacturing of One Metric Ton Steel Products :-**

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The minimum production for re-rollers was fixed at 130 units of electricity for producing one metric Ton of steel bars. This bench mark of 130 units of electricity was fixed considering small, medium and large scale units involved in manufacturing of small to large size mild steel products.

But surprisingly in the Budget 2019-20 this standard of minimum production of 130 units, successfully in operation since July 2007, has been revised to 110 units of electricity consumed for production of one metric ton of steel bars and other re-rolled long profiles of steel. Sorry to say all had been done without consultation with the stakeholders specially the small/medium manual manufactures which has resulted in serious problems to them. It is necessary to mention that the products manufactured by the small/medium re-rollers operated manually are quite different from the product made by automatic mills. These small/medium re-rolling units produce 3mm to 6mm deformed bar, mild steel flat of, so many sizes, angle of thin quality, squares etc. These items are approximately eighty (80) in numbers including agricultural items which may not be manufactured by automatic mills. Raw material used in manufacturing of these 80 items is mostly re-rollable scrap, ship plate, end cuttings, left over of big projects, iron bars of demolished buildings, left over of mis-roll (Oval) of automatic mills. Even a piece of one KG is re-rolled by these small/medium re-rolling units and has no competition what so ever with automatic mills.

It is submitted that automatic mills may have the capability of producing one metric ton of MS Products with the consumption of 110 units of electricity or even less than 110 units but a manual mill of small/medium size actually consumes 130 units of electricity or even more in some cases for the production of one metric ton MS products. These small/medium mills produce an average 6 metric ton to 20/25 metric ton products per day whereas an automatic mill produce 300 MT to 1500 MT on average basis per day. As such bench mark of the same quantity is a clear cut unjust.

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In view of above your kind honour may also be of the views that reduction in bench mark from 130 units of electricity to 110 units has created a serious problem for the small/medium manually operated re-rolling mills and is not based on real facts. Every small/medium mill, which are almost 100 in numbers in Lahore only, are providing livelihood to families of laborers (Daily Wages) and their unemployment in case of closure of these mills may not be in the interest of industry. PSRMA Suggests separate Bench Mark of 130 Units for Small Medium Re-Rolling Mills (Operated Manually).

**c. Restoration of Special Procedure of Sales Tax :-**

Special Procedure of Sales Tax for collection of revenue on account of Sales Tax which was successfully in operation since July 2007 was surprisingly abolished in the budget 2019-20 without taking the stakeholders on board. The new system of FED in sales tax mode is linked with payment of FED even on un-sold stock. This is against the principles of taxation and extra burden on the industry. This system may be reviewed as it is discouraging the production of Steel Products and hardly contributing any revenue. However in the best interest of industry PSRMA suggests restoration of Special Procedure of Sales Tax which gave many fold increase in revenue in the past i.e. from four billion rupees to fourteen billion.

**d. Registration of Steel Product Dealers :-**

Steel Product dealers throughout the country through whom the finished goods are sold still require registration with FBR. The registration procedure may be easy one based on simplification enabling these steel dealers to take all invoices from Re-Rolling Mills. By doing this the ex-chequer may be in receipt of more revenue which is at present the dire need of the Govt. Similarly the Scrap Dealers working throughout the country from many decades specially in Khokar Road Lahore, Misri Shah Lahore & Shershah Karachi and are still out of tax net must be registered.

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### **e. Registration of Un-Registered Units :-**

It is submitted that over burdening of existing tax payers in the shape of different taxes/duties is neither in the interest of industry nor the Govt may achieve the positive results rather it amounts to harassment for the tax payers. It is suggested many times before that existing tax payers may not be harassed by issuing unnecessary show cause and audit notices to fulfill budgeted targets and new income tax / sales tax payers be brought into tax net throughout the country, specially scrap dealers (commission agents) of Misrishah Lahore, Khokar Road Lahore, Shershah Karachi etc, which are in thousands working for many decades, providing not a single invoice but still out of tax net. By doing this the atmosphere of fair competition would be created and ex-chequers may also be in receipt of many fold revenue. The small/medium re-rollers have to purchase raw material from Misrishah Lahore, Shershah Karachi etc, who have no documented invoice putting the small re-rollers in awkward position.

### **f. Amendment in Section 8B :-**

It is submitted that Section 8B of Sales Tax was legislated allowing refund up to 90% of the Input to the Registered Person and to claim the remaining 10% in the next Tax period. PSRMA urged the Govt. to amend Section 8B of Sales Tax Act 1990 for allowing 100% adjustment of the Input against Output Tax instead of the existing 90%.

### **g. Levy of Excise Duty on erst while Tribal Areas:-**

The Govt. decision regarding removal of the Federal Excise Duty (FED) on erst while Tribal Areas, without consultation with the Stake Holders, is the most damaging for the entire Industry of the country, particularly the Steel Sector. PSRMA urged the Govt. to maintain a balance in duties structure between the FATA / PATA areas and the areas which

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are subject to taxes as the decision of the Govt. regarding removal of FED in FATA / PATA areas is detrimental for Steel Sector as well as for the economy of Pakistan.

4. **To Increase in Staff Salaries**:- Secretary General informed that the staff is drawing the following salaries:-

- a. **Secretary General salary Rs. 63080/-**
- b. **Asst. Secretary Salary Rs. 31500/-**
- c. **Naib Qasid Salary Rs. 31500/-**
- d. **Sweeper Salary Rs. 3400/-**

The house was informed that the Salary is being increased every year on 1st of January and proposed an increase of Rs. 3000/- for the Staff excluding Sweeper who may be given an increase of Rs. 600/- but the Executive Committee in view of Financial Issue rejected the proposal.

5. **Closure**:- There being no other point to be discussed the meeting ended with a vote of thanks to the Chair.

**Thanks & Regards**

**FOR THE PAKISTAN STEEL RE-ROLLING MILLS**

**ASSOCIATION**

**S.MAZHAR HUSSAIN NAQVI**  
**SECRETARY GENERAL**

