

PSMA/1/X/M
7 April 2010

MINUTES
OF

GENERAL BODY MEETING OF THE PAKISTAN STEEL MELTERS
ASSOCIATION WAS HELD AT AMBASSADOR HOTEL, 7 DAVIS
ROAD LAHORE ON 23 Feb 2010.

1. **Attendance.** Annexure “A”.
2. **Agenda.** To discuss budget proposals for year 2010 – 11.

MR. MIAN MUHAMMAD ASHRAF
CHAIRMAN
PRESIDED OVER THE
PROCEEDINGS

3. **Recitation.** The proceedings commenced with the recitation of the Holy Quran by Mr. Mian Muhammad Saeed.
4. The Chairman, Mian Muhammad Ashraf welcomed all the participants and requested Patron In Chief, Mr. Masood Gul to conduct.
5. Mr. Masood Gul said that presently the steel melting industry was under great stress. Inflation was eroding away the capital. More furnaces were being established every day and it was becoming difficult to be

competitive in the market. However he wished well for all. He pointed out that the EDB has asked for budget proposals. We were not very clear about VAT or GST.

Further more he stressed on the point that special procedure had been achieved after lot of hectic efforts by this association. GST could create problems since fake invoices had to be made. He also brought out that FATA was creating lots of problems since they were not paying government dues and their production cost was far below than the steel furnaces honestly paying their dues. Small furnaces running on B – 2 electricity connection and making billets had destabilized the market and also by units running on gas generation. Ship breaking was a menace too.

6. Mr. Aziz Ahmed Ch. said that Mr. Masood Gul had already covered all the problems in detail. However he was of the view that special procedure should be followed up otherwise it was feared that an imbalance could be created with the Pakistan Steel Mills.
7. Mr. Aziz ur Rehman Chan said that sales tax was mainly being paid by steel furnaces in Lahore, Gujranwala and Islamabad area. Presently we are going into loss of Rs 2000/3000 per ton. He said that besides FATA many new furnaces were being established in Balochistan also who were evading government taxes. He was of the view that we should support GST. He thanked the association for installments of sales tax recovery. Government demand for steel and construction had come to stand still. There was almost no demand. He further elaborated that small furnaces

running on B – 2 electricity connection were stealing electricity and the government taxes.

Mr. Masood Gul appreciated Mr. Aziz ur Rehman's talk and then asked Mian Muhammad Saeed to give out his views.

8. Mr. Mian Muhammad Saeed also said that government was not cooperating on the FATA issue which was creating serious repercussions. He said that case of small furnaces should be taken care of. However he was of the view that regarding small furnaces Gujranwala had not given a single name till now. He favoured GST system.
9. Mr. Liaqat Ali said that in Gujranwala they had traced only one small furnace which was manufacturing billets. He further stressed that although the association had tried its best to get hold of those five defaulting furnaces but nothing concrete could be achieved against them. He supported the GST system.
10. Mr. Ghazali Saleem Butt was also of the view that losses were being increased. Small furnaces and FATA were a big problem. He voiced that furnaces should be closed under protest.
11. Mr. Malik Javed was also of the view to follow GST system.
12. Mian Tariq Waheed said that we should see as to why we are getting losses. GST was a difficult system. Presently there was no demand in the market. We should all go to FBR to protest against illegal FATA furnaces. The case of Madina Enterprises of Faisalabad be reviewed.
13. Ch. Sajjad Imran was also against the establishment of small furnaces and furnaces in FATA. He was of the view to establish check points and a

supervisory system all over to ensure that billet of only those steel furnaces is transported which are paying the government dues.

14. Mian Tauqeer was of the view that special procedure was a very good system. We should highlight the difficulties being faced by the tax payers in Assembly to ensure that action is taken against tax defaulters.
15. Mian Ashraf of Aryan Steel also participated in the discussion and was of the view that special procedure should be followed.
16. A voting was held by raising of hands as to which system is to be followed. House was divided on the issue.
17. Mr. Masood Gul in the end summarized the proceedings and said it was difficult to make invoices in GST system. Small furnaces were flourishing in large numbers. A list of these furnaces would be provided to all. Everyone to see and help the association in controlling this menace. However he said that no system can be termed as bad. We shall again meet in April/May to finalize the issue.
18. **Closure.** There being no other point by the house the meeting ended with a vote of thanks to the chair.

Thanking Your
Yours Sincerely

Maj. ® Masoor Mahmood
Secretary General