

THE PROBLEMS & PROSPECTS OF LARGE FIRMS

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1. An Enabling Legal & Capital Structure

- Holding Company Concept & Applicable Tax Laws Legislated – Step Forward but still needs rationalization.
- Presumptive tax regime and undocumented economy hampers growth of documented side of economy and large corporations.
- Long term funding for capital is not available - disappearance of DFIs
- Non-existence of secondary markets increases cost of funding
- The corporate rehabilitation law currently under discussion needs to be passed. Resolution Trust Companies for consolidating and disposing off “toxic assets” of the banking sector.

2. Prioritizing Different Sectors:

- Vision to take our exports beyond \$50 – 100 billion
- Need to develop
 - Engineering
 - Chemical
 - Steel
 - IT
 - Agri-Livestock
 - Pharmaceutical
- Engineering Development Board did a comprehensive study of various sub sectors of the engineering sector.
- Similar vision for chemical, pharmaceutical and steel needs to be developed.

3. Infrastructure Support for Large Corporations:

- Development of large scale chemical industry requires allocation of large tracks of land near the port.
 - Current study needs to be implemented
 - Leverage material available from chemical industries in the Middle East.
- Similar vision needs to be developed for steel industry & Pharmaceutical Industry.

4. Large Firms Need to Develop Global Mindset:

- Large firms need to go global

- Why go global?
 - Enables Company to gain volume and become internationally competitive.
 - Learn to meet challenges of international competition.
 - Improve quality of management of existing Pakistan executives and hiring other nationals.
 - Royalty, technical fee, dividend to become a source of foreign exchange earnings.
 - Small step to improve country's image.

5. Developing Public Private Partnerships

- Large Corporation have the managerial and capital to pursue this program.
- All issues have been well documented in the task force organized by SBP, and recommendations need to be implemented.

6. Level Playing Field Vs. Imports & Unorganized Sector:

- Dumping / Afghan Transit Trade –misuse handicapping local industry.
- Burdening via Workers Profit Participation Fund (WPPF) & Workers Welfare Fund (WWF) / hidden taxes need to be rationalized.
- Disproportionate reliance on formal sector for Government Revenue