

## Call for steps to save bike industry from effects of 'over protection'



Mr Anwar Iqbal, Director  
Fateh Motors

**F**ateh Group of Industries, which consists of seven Pakistani products and six foreign companies, is known for its quality production both at

home and abroad.

The group which for the last four decades has been engaged in manufacturing of finished products from agricultural raw materials, opted for investment in the automobile sector in 1996 in the country and established its automobile unit with the name of Fateh Motors. Recently, a detailed interview was held with the company's energetic and dynamic Director, Anwar Iqbal on the problems and complexities involved in the manufacturing of motorcycles and also the overall problems of the local industry and solutions for the same.

Giving the background of his own group of industries, he said that originally the group was engaged in textile manufacturing sector but in 1996, the group ventured into bike industry with a view to bringing about a revolution in the industry. "And by the grace of Almighty, within first ten months of our presence in the said sector, the group produced a 4-stroke 70CC motorcycle in the market, the price of

which was rupees 14,000 less as compared to the then prevailing market prices. This was indeed a revolutionary step," he boasted.

"Now the group has come up with a new scheme of providing motorcycles to government employees on easy instalments. The scheme has been presented to Prime Minister and the government has much lauded this scheme, and taken it for consideration", he said.

Talking about the Deletion Programme of the government, Mr Anwar Iqbal said that "unfortunately every sector in Pakistan is gripped by confusion, and bike industry is not an exception. First of all he talked about the Deletion Policy. He said that there is no denying the fact that the Deletion Policy was formed after a prolonged procedure, deliberations and hard work by the government. During the last three to four years, the government in collaboration with the Engineering Development Board

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uncompetitive and totally depending on ready-made ways and means when it comes to manufacturing. In our view, this over-protection has rather marred the local industry and affected its production capability", Mr Anwar Iqbal said. This over-protection has provided a mosque to 'old players' of the industry. With the result that bike prices went beyond the reach of the real consumers, resulting in low demand and less productions of bikes.

When asked as to how these problems can be overcome, Mr Iqbal said that "first of all prices should be brought down to the buying range of the people. The more the prices are reasonable, the more the demand for locally manufactured bikes and hence a boost for local manufacturers", he said.

"Secondly", he continued, the basic deletion programme should remain universal in spirit but the implementation on deletion policy should not

be uniform for the whole automobile industry. It should be implemented on case-to-case basis which is the best way out of the current confusion with regard to deletion policy", he said.

"Thirdly, the authority to fix the selling rates of bikes should reside with the government. If the government can form a separate authority to monitor the implementation deletion programme then it should also control and monitor the market prices of bikes," Mr Iqbal said, and added that prices should be brought down. "In our two neighbouring countries India and China, the selling rates of bikes are much cheaper as compared to ours. The problem in our country is that every body would like to enjoy monopolistic situation and do not believe in healthy competition. They manipulate things to their own advantages, not keeping in view the buying range of the 'real consumers' or the over all long



term benefits of industry.

We would suggest the government to decrease the CBU rates from 105 per cent to 50 per cent with a view to creating a sense of competition among the local bike manufacturers. Besides, there should also be zero duty on CKD, which will benefit the local industrialists, he opined.

has worked hard and introduced a specific Deletion programme separately for each automobile product like car and motorcycle etc. The policy is part of Government's Indigenisation programme aimed at prospering the local industry. But he said that such programmes do not play an effective role in promotion of bike industry. It could be gauged from the fact that the production and sales graph of the locally-made bikes has been continuously descending for the last five years. "There are a number of factors responsible for this falling graph but the foremost being 'deletion programme' which has provided over protection to the local industry. Next comes the illogical customs duty structure for CKD and CBU, I repeat the existing custom duty rates for CBU are quite illogical. Actually the CBU rates are meant for the protection of the local bike manufacturers but we being the manufacturers would rather criticise the existing CBU rates as they have resulted in 'over protection' to the local industry, making it dull,

It may be noted that recently the Government has restructured duty slab for importing buses in CBU, SKD and CKD, the same formula may be applied to motorcycle industry which will benefit the local industry and consumers as well.

"For controlling under invoicing and other illegal means, Mr Iqbal suggested that the duty slab should be inscribed above Power/CC of motorcycle.

Mr Iqbal also demanded that there should be a cut in duty rates of CBU and CKD at least for those Power CC bikes which are not being locally manufactured and hence do not pose a threat to the local bike manufacturers.

Mr Iqbal said that the government should establish a separate committee to inquire about the causes of high prices of bikes and I can say that the committee will surely grasp the real factors involved" he said.

To conclude, he said that if these suggestions are taken into account, the new comers will find a way into this sector; monopolizers and manipulators will be controlled through competition and hence the bike industry will boost.