

Exporters' claims: Government urged to evolve automatic refund mechanism

Pakistan Textile Exporters Association (PTEA) has stressed the government to devise an effective and efficient automated refund mechanism for speedy reimbursement of exporters' refund claims. Further delay would block exporters' working capital of more than Rs500 billion which will hamper the export growth.

Talking to the newsmen here on Friday, PTEA chairman Khurram Mukhtar, referring the pre-budget negotiations with the govt's economic team, said exporters were assured that an efficient automated refund system will be implemented after budget 2019-20 to ensure expeditious payment of exporters' refunds. Implementation of such system would ease off the financial stress of textile exporters as major portion of their working capital had already been blocked in refund regime and they are unable to accelerate industrial growth and make significant increase in exports.

Giving details, he revealed that tax refunds around Rs200 billion belonging to textile exporters are still halted in refund regime. The release of stuck up liquidity will not only boost export activities but will also boost the entire supply chain and allied sectors.

Highlighting the reduction in tax credit facility, he said industrial undertakings investing in purchase of plant and machinery for extension, expansion, balancing, modernizing, and replacement were allowed tax credit equal to 10 percent of the purchase price of machinery till tax year 2021. This tax credit has been reduced from 10 percent to 5 percent of the purchase value of machinery in budget 2019-20. This act will discourage the new investment in industrial sector. He urged to continue the tax credit facility till the tax year 2021 with 10 percent tax credit. He voiced the hope that expeditious disbursement of refund claims and continuation of tax credit facility @10 percent would swell the exports of the country and also create more jobs in line with the govt's vision, he said.

Appreciating govt's key initiatives to provide an enabling environment to the textile export industry, PTEA vice chairman Muhammad Idrees expressed that these measures have restored exporters' confidence and textile exports have increased; whereas primary growth driver is the value-added textile sector. Giving statistics, he said in July-April period, Knitwear exports went up by 15.81 percent in quantity and 8.76 percent in value, bed wear edged up by 10.11 percent in quantity and 2.40 percent in value, readymade garments' exports increased by 29.21 percent in quantity and 3.21 percent in value and made-ups increased by 1.15 percent.

This is the right time to strike the textile industry as Pakistan is all set to accelerate its economic growth, he said.

Pakistan can become an economic giant by utilizing its trade and investment potential. Only export sector has the ability to put country's economy on track and steer Pakistan towards economic prosperity. It is the right time to facilitate the export sectors as we direly need to stabilize the economy, he said.

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