

From the Newspaper

Towel industry

THERE is much talk of boosting exports to earn greater foreign exchange and promote employment. In fact, the authorities have now implemented measures owing to which most small and medium sized exporters will shut down in the next two months.

The sales tax was imposed at 17 per cent on all inputs of the exporting industry across the board from July 1. The worried exporters, who are still grieving over the unpaid refunds promised them since 2014, were assured and reassured that their new refund applications would be processed within 72 hours through a super computer and without any human intervention.

Thereafter within another 72 hours the State Bank would credit the account of the exporter with his refund. We were told that whatever may have happened in the past we now had a super efficient system in place and all fresh applications under the current regime would be surely dealt with in a matter of six days.

The refunds application and forms are so cumbersome and complicated that only a few companies are able to fill the formalities required. So the small exporter is bowled out anyway. Even so over a 100 exporters from the towel industry have applied for sales tax refunds for July. This was applied mostly in August and some owing to the complicated system even in early September. Not even a single firm received a refund.

A few have been told that their application had been rejected, while over 90pc have received no reply.

By the end of September almost half of the working capital of the exporters is now stuck in sales tax refunds. There is no alternative but to shut down till these refunds are released.

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