

Textile export industry terms budget one-sided, unrealistic

FAISALABAD: No relief for textile industry, situation will worsen amid liquidity crunch and global business shrinking, will lead to closure of industries, decline in exports and massive unemployment.

These views were expressed by Pakistan Hosiery Manufacturers & Exporters Association (PHMA) central chairman Chaudhry Salamat Ali in a post-budget statement to press and media.

Salamat Ali said the value-added textile export industry has strongly rejected the federal budget 2020-21 terming it one-sided and unrealistic without any relief for Textile Industry which is the backbone of the economy and exports, most labour-intensive sector, also provide huge employment to the female workers and particularly to the lower class in the Garment units and highest foreign exchange earner.

Textile industry has been completely ignored and deprived of relief in this budget which, purportedly, made on the directions of IMF. Imposition of 17 percent Sales Tax in last budget has brought disastrous effects on the textile industry and its exports by means of liquidity crunch resulted in shape of stuck up refunds worth billions of rupees. The top genuine demands to restore zero-rating and proposals of textile export sector have been totally disregarded by the so-called financial managers of the govt who are outwardly performing on the directions of IMF instead of government.

The value-added textile exporters have expressed sheer disappointment and have demanded the government to review and restore zero-rating treating five export sector as lifeline for export and economy. Exporters are not demanding any favour but of the view that if Government cannot give something to exporters, it should not also take away their precious liquidity of which are arranged to run industries as the government would not be able to refund back due to huge and increasing budget deficit.

Exporters demand the government to reconsider restoring zero-rating or slash down the percentage of GST from 17 percent to 4 percent.

Ch Salamat Ali was of the view that government has closed its eyes towards global business shrinkage and multiplicity of challenges faced by the textile industry.

The textile export industry will face additional challenge due to global 40 to 50 percent recession, where price war would be the name of game which will cause exorbitant increase in the cost of manufacturing, which cannot be afforded by SME exporters and such situation may compel for closure.

Several of export industries have been closed due to liquidity shortage and after this unreasonable and unrealistic budget many exporters will also close their industries as they no more afford to run their industries due to non-availability of liquidity. It is an irony that during last budget, Government had imposed 17 percent sales tax over textile industry saying that they would bring domestic sector into the tax network, but Government has failed to do so as in the federal budget 2020-21 it was not declared how much amount was collected from domestic sales and whether the target was achieved? On the other hand, more than 60 percent of exporters' precious liquidity stuck with FBR in carry forward or deferred, apparently, due to non-availability of funds with the Government. Already huge amount worth billions of Rupees is required to be paid to exports against their Sales Tax claims. If in next financial year, govt forcefully collects the 17 percent GST, it would not be able to payback to exporters due to huge budget as FBR has admittedly failed to achieve the revenue target.

The situation will worsen as the Financial Managers of the Government are deliberately closing their eyes towards the genuine demand of the industry. The Prime Minister's vision to enhance exports, provide 50 Lacs houses and 1 crore jobs will be completely tarnished and situation will be totally different causing decline in exports, shutdown of export industries resulting to unemployment of millions of citizens.

Due to inefficiency of FBR to increase tax-to-GDP ratio and bringing new taxpayers into the tax-net, textile export industry has been penalized to bear the brunt. PHMA rejects the Federal Budget 2020-2021 and reiterates its genuine demand to restore Zero-Rating OR slash down the percentage of GST from 17 percent to 4 percent.