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By Our Correspondent

Govt asked to review budget proposals: Textile sector says govt has ignored value-added exporters in FY21 budget

KARACHI: Readymade and unstitched cloth merchants have expressed resentment over the federal budget for 2020-21 and have suggested a review of budget proposals along with recommendations given by textile sector stockholders.

Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA) Central Chairman Shaikh Shafiq Jhokwala said the government ignored the value-added textile export-oriented sector in the budget.

He said due to the rapidly changing geostrategic dynamics worldwide, global slowdown amid Covid-19 pandemic and unprecedented economic challenges faced in Pakistan by all segments of the economy, the government should have taken necessary tax relief measures in the budget.

PRGMEA Sindh Zone Chairman Amir Amin Kothawala added that Pakistan was the fourth largest producer of cotton, but the harvest was continuously going down, and no immediate and positive measures had been revealed by the government to increase the cotton production.

He emphasised that the government should take immediate initiatives in a bid to expand cotton crop cultivation, otherwise, a large number of export industries would be on the edge of shutting down in the next few months.

Pakistan Cloth Merchants Association Chairman Ahmed Chinoy pointed out that the federal government had constituted a three-member committee, headed by Adviser to PM on Commerce Abdul Razak Dawood.

Minister for Industries Hammad Azhar and Federal Board of Revenue (FBR) Chairperson Nausheen Javed Amjad will be members of the committee that will address budget anomalies.

Chinoy added that the Ministry of Commerce had requested all the stakeholders to give their feedback on the draft Finance Bill 2020 by June 17 to the Tariff Policy Wing of the ministry. The feedback from the stakeholders will be examined by the committee for incorporation into the bill.

He said the restoration of zero-rated general sales tax (GST) facility through the restoration of SRO 1,125 had been requested. Moreover, the Duty Drawback of Taxes (DDT) scheme should be extended and it must be fully paid.

Withholding tax (WHT) should be reduced from 1% to 0% for exporters and customs duty rebate should be refunded electronically through the State Bank of Pakistan (SBP) along with export proceeds, he said.

He suggested that the authorities should suspend collection of export development surcharge. Outstanding payments for the Technology Up-gradation Fund should be reinstated in the upcoming textile policy, he said.

He also proposed that Employees Old-Age Benefit Institution (EOBI) and Social Security contributions should be borne by the government on behalf of the textile industry for FY21. The government was asked to reinstate the omitted Sub-section (b) and (c) of Clause 10 of SRO 327 for export-oriented units.

He lamented that it had been agreed that Rs20 billion would be allocated for energy in order to maintain power tariff at 7.5 cents per kilowatt-hour (kWh) and gas/re-gasified liquefied natural gas (RLNG) tariff at $6.5 per unit. The budget, however, only allocated Rs10 billion for RLNG.