

'Liquidity crunch, shrinking global business to hit textile industry'

KARACHI : Former Chairman Standing Committee on Textile FPCCI and President Pakistan Businesses Forum (PBF) , Sahibzada Mian Usman Zulfiqar has said the condition of the textile industry will worsen amid a liquidity crunch and shrinking global business, and will lead to closure of industrial units, decline in exports and massive unemployment.

As more industry would close in Pakistan and textile sector would go down. "Number of exporters is decreasing in Pakistan".

He said the value-added textile export industry had rejected the federal budget for 2020-21, terming it "one-sided and unrealistic" without any relief for the textile industry, which was the backbone of the economy and exports.

If the government supported industry, liquidity would have improved, "now, unemployment will increase". How would they handle this is what matters now, he questioned.

Being the most labour-intensive, the textile industry provides employment to a huge number of female workers, particularly to the lower class, in garment units.

He was of the view that the textile industry had been completely ignored and deprived of relief in the federal budget, which purportedly had been made on directives of the International Monetary Fund (IMF).

It said the imposition of 17% sales tax in the previous budget had brought a disastrous impact on the textile industry and its exports as well as caused liquidity crunch due to stuck refunds worth billions of rupees. "The demand for restoring the zero-rating facility and proposals of the textile export sector have been disregarded," it said.

Value-added textile exporters have expressed sheer disappointment and have demanded that the government review and restore the zero-rated regime for the five major export sectors as a lifeline for the economy.

The exporters urged the government to reconsider restoring the zero-rating facility or slash general sales tax from 17% to 4%, said Ali in the post-budget statement.

Sahibzada Mian Usman Zulfiqar was of the view that the government ignored the global business shrinkage and the challenges faced by the local textile Industry.