

Rs1500bn earned in profits **TMA says Dar's remarks display 'anti-export bias'**

KARACHI: Towel Manufacturing Association of Pakistan on Monday termed the finance minister's remarks that exporters have earned Rs 1500 billion in profits as "anti-export bias."

"This accusation displays his anti-export bias, and his lack of understanding of the basic issues," **Central Chairman TMA, Tahir Jahangir** said.

He said that the minister is "alluding" to the devaluation of the rupee devaluation against the dollar over the last four months.

The inter-bank value of the rupee in the first week of January was Rs 226 against the dollar comparing to its current rate of Rs 285, he said. He said that this is a devaluation of 26 percent in the last four and a half months. Roughly 5.7 percent a month, which he called one of the worst "correction" in recent years.

"Firstly, this devaluation was not of the export sector's making. Although we have gained by it," he said.

No doubt when an exporter ships his goods to a customer abroad his bill or invoice is paid with a lag of a month or so, he added.

This is roughly the time it takes for the goods to get there. If the rupee has devalued by say 5 percent against the dollar then when that invoice gets paid and the exporter converts it to the rupee, he gets 5 percent more rupees than he billed, he said.

Over the last four and a half months the exporters have had windfall gains of roughly 5 percent on their exports.

He said: "As our entire exports are about two billion dollars a month the gain is a hundred million dollars a month at best, that translates to about 28 billion rupees a month - certainly well short of the wild figure of Rs 1500 billion claimed by the finance minister."

To further exercise that "anti-export bias" the State Bank has come out with a circular reducing the permissible credit to foreign customers from 120 days to 90 days, he said.

The payment of foreign bills must be made within 45 days or there is a penalty of 3 percent per month after that, he said.

The imports are about three times the exports. They have felt the depreciation as well. All goods imported are rising in rupee price by about 5 percent a month, he said.

All the stocks that have been cleared and are still to be sold get a windfall gain of 5 percent per month, he said.

He said that by the time an importer retires the documents, clears the goods and gets them ready for the distributors more than a month has elapsed.

He said that so as per the finance minister formula the importers must have earned 4500 billion rupees from this devaluation.