BUSINESS RECORDER
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23rd June, 2023

# TMA says textile sector 'completely' ignored in budget

**KARACHI: The Senior Vice Chairman of the Towel Manufacturers Association of Pakistan Syed Usman Ali has expressed grave concern over the completely ignored export sector in the budget 2023-24 that did not incorporate their valuable proposals/ suggestions for the growth of the Textile sector which is the backbone of our economy.**

It is surprising for the economic managers that the entire government has not taken any positive steps for the betterment of this sector which is an earning machine of foreign exchange.

From time to time all the stakeholders highlighted the problems of the Textile sector to the government i.e. the restoration of zero rating for the export sectors is entirely need of the hour and billions of rupees are stuck up with the FBR which is creating a financial crunch for the exporters. Ensure Sales Tax refund within 72 hours for the export sectors.

To withdraw SBP FE Circular No 02 of 2023. Due to this circular, the exporters are in deep trouble. To provide regional competitive energy tariff (RCET) to the five zero-rated sectors. To continue drawback of Local Taxes and Levies (DLTL) scheme which expired on 30th June 2021 and after passing around two years the government did not issue the notification for the continuation of this scheme.

Our Association also published an advertisement on 20th June 2023 in the print media wherein highlighted these problems of the export sector.

**Usman** further said that only the viable solution for our survival in this world with due respect is to increase our exports and bar importing luxury items which will ultimately put a positive impact on the balance of payment as well as the balance of our national reserve also be improved.

The growth in exports is only possible when the government will provide their full support to ease the export business after the consultation of its true stakeholders.

The export industry has need for level playing field in the international market for the enhancement of exports to $ 50 billion by 2027 and we cannot achieve this target without concrete planning for the flourishing of our country's exports.

Unfortunately, our economic managers set the target but they avoid consulting its genuine stakeholders for the achievement of desired goals. Our officials are setting goals but their priorities show that they are not interested in achieving the Textile export target.

On the other hand, our regional country Bangladesh which is our competitor in the international market has set a vision to achieve US 100 billion dollars in apparel export by 2030. They also understand this will not be easy for them. To reach 100 billion dollars, they are also to focus on enhancing their industry capability i.e. more vertically integrated, innovative, diversified, technologically upgraded and they are focusing on adapting themselves to the Environmental, Social and Governance (ESG) requirements.

To achieve the desired goal, the government of Bangladesh has created a BDT 5000 crore called a “pre-shipment credit refinancing scheme” to support export-oriented companies affected by the Covid-19 pandemic in April 2021. Previously, the interest rate for such loans at the client level was 5%.

As per the new circular (BRPD circular no-08 on May 18, 2022) issued by Bangladesh Bank, the rate has decreased to 3% at the client level. Also, the banks are able to disburse up to 50% of loans for packing credit under this pre-shipment credit refinancing scheme. This will significantly help their factories to meet the need for working capital.

The Bangladesh Bank has also created another scheme titled “Export Facilitation Fund” of BDT 10,000 crore to support export-oriented companies to import raw materials. As per the BRPD circular no-1 dated January 01, 2023 of Bangladesh Bank, an exporter is allowed to take a loan of a maximum of BDT 200 crore from the fund with only 4% interest rate, which is a pre-finance scheme by nature. This will add further flexibility in securing funds for raw materials sourcing at a lowered cost if we can make use of it.

**The senior vice chairman of the Association** further said that our government is offering 18% interest rate on ERF to the exporters. It means that the cost of exports business has no comparison with our regional country, so our Textile exports continuously slash and in the month of May our textile export crashed by 30%, while Bangladesh, Vietnam and Sri Lanka exports increased by 20-30%.

Our government should come forward and should take on board the representatives of all export oriented associations for viable and sustainable solutions to the problems of the Textile sector to sketch a better Pakistan future. It will be also helpful for the government to generate employment, economic activities, and collection of taxes for the national exchequer.

The entire government should be focused on the economic agenda rather than the political agenda. Pakistan’s economic survival is more important than any issue.