

# **Textile export boost key to economic revival: TMA**

**KARACHI:** Syed Usman Ali, Senior Vice Chairman of the Towel Manufacturers Association of Pakistan has expressed serious concern over the statement of the caretaker Federal Minister of Commerce more than 1,600 textile factories shut down in the country in the last 16 months.

Due to non-favorable conditions for the textile sector in Pakistan, most factories are working below their production capacity due to the high energy cost, two days of weekly closure of gas, also facing three days of low gas pressure.

These factors are the basic raw materials for producing exportable textile goods to international buyers. Additionally, textile exporters are grappling with the challenges posed by the sales tax refund system, which has resulted in a financial crunch, making it difficult for them to fulfil their export orders in a timely manner.

Everybody knows that the textile sector serves as the backbone of our economy. It is a valuable source of foreign exchange earnings, significant generator of employment which is creating the boom in economic activities.

**Syed Usman Ali** also expressed his dissatisfaction with the current government policies, which have failed to yield favourable results for the textile sector. He noted that our textile exports have been consistently declining and it is crucial to reverse this trend by taking immediate and positive measures to support the growth of textile exporters.

Furthermore, **Syed Usman Ali** floated several recommendations. He suggested that the government should formulate a comprehensive five-year plan to reinvigorate the growth of the textile industry through meaningful consultations with relevant stakeholders.

This plan should include measures such as providing utilities at competitive rates compared to other countries, ensuring uninterrupted 24/7 gas supply at the required industrial pressure, reducing costs, and promoting energy self-sufficiency.

Additionally, the government should offer subsidized loans to facilitate the installation of Solar Power Generation Systems and ensure the efficient and prompt refund of pending sales tax amounts within 72 hours, as stipulated in Rule 39F of Sales Tax Rules 2006.

The reinstatement of the zero-rated status for the five Export-Oriented Sectors “NO PAYMENT NO REFUND” as per S.R.O. 1125(I)/2011. It would also support to alleviation of the government’s financial burden and the economic managers can focus on new taxpayers for the collection of taxes.

**Syed Usman Ali** further said that the exporters are not getting new orders for exports. Exporters are working on orders in the pipeline which means the coming months will see a sharp decline in overall exports which is an alarming situation for the country. Our Textile exports declined by 14 per cent in FY23, which means an identical decline in production, jobs, and allied industries activities.

The State Bank of Pakistan (SBP) has already reduced the gap between the policy interest rate and export refinance to 3pc from the earlier 5pc. The current policy rate is 22pc which means exporters will have to pay about 19pc markup. He said this rate is already very high compared to competitors while the increased cost of electricity has paralyzed the industry.

The government must understand that exporters need cheaper inputs to compete in the international market. This will also earn foreign exchange to save the country from sovereign default.—PR