

Decline in exports to hurt economic growth: TMA

KARACHI: Syed Usman Ali, Senior Vice-Chairman of the Towel Manufacturers Association of Pakistan has expressed deep concern over the slashed of 25% output of the Large Manufacturing industry as released data by the Pakistan Bureau of Statistics which is an alarming situation for the economy of Pakistan.

The decline in export proceeds also reflected that overall economic growth will decline in the coming months. It is believed the slowing down of big industries has rendered a large number of workers jobless. It will also put a negative impact on the collection of Taxes for the national exchequer.

From time to time the government has taken unfavorable decisions for the Textile sector which badly harm the economic activities in the country as well as political instabilities causing a terrible impact on the country's ailing economy and depleting exports.

From the international Market, buyers are reluctant to place orders with the manufacturers of Pakistan due to political turmoil prevailing in the country. Our governments should take immediate positive measures for the survival of the export sector.

He further said that **restoration of zero rating** is entirely needed of the hour and billions of rupees are stuck up with the FBR which is creating a financial crunch for the exporters.

“In the export sector, 90 percent of production is being exported while only 10 percent is being used domestically. This massive cycle of sales tax collection and refund operates for a collection of Sales Tax, and as a result, exporters suffer in the form of delayed, deferred, and pending refunds.

This is the main reason why the textile industry wants restoration of the SRO 1125 i.e., no payment no refund for the entire textile value chain which will provide the additional working capital requirement of the industry.”

The drawback of Local Taxes and Levies (DLTL) scheme expired on 30th June 2021 and after passing around two years the government did not issue the notification for the continuation of this scheme.

The senior vice Chairman of the Association highlighted that the restoration of the DLTL scheme is part of Textile Policy 2021-25 but from time to time the government made Textile Policies for the betterment of the Textile Sector. But unfortunately, the implementation manager totally failed to implement these productive policies in their true spirit.

The discontinuation of the regional competitive energy tariff (RCET) for the export sector is another major factor that adversely affects the export sector. If we compare our utility rates i.e. electricity and Gas, with our regional counties, we are absolutely on the higher side.

Our exportable products are going incompetent in the international markets due to the expensive energy tariff. This may be a huge hurdle in the enhancement of exports as well as it may cause our export order may shift to our regional competitor countries i.e. India, Bangladesh, and Sri Lanka which will be a huge loss for our beloved country.

Another major problem for the exporters is that **SBP issued FE Circular No.02 of 2023**. Due to this circular, the exporters are in between wind & water. Now the SBP started to mark lien on the late realization of export proceeds, even a single day which is absolutely unfair behavior of SBP with the exporters. Everybody knows that the export sector is the backbone of our economy and is playing a significant role in the booming of economic activities.

Syed Usman Ali, Senior Vice-Chairman of TMA further said that the government should come forward with concrete and comprehensive planning and save the Textile sector from its total collapse.

He further urged the Ministry of Textile & Ministry of Finance to incorporate the exporter's suggestions in the upcoming Budget of 2023-24 and remove all bottlenecks for the survival of our economy as well as exports which is on the edge of a cliff.

Our beloved country **needs valuable foreign exchange for survival in this world and we have only one way to earn these dollars via enhancement in our exports.** Our slogan is "Pakistan must rely on its own resources rather than loan."