

Exports crippled by paucity of funds

By Our Staff Reporter

KARACHI: The government's failure to payback outstanding payments against duty drawback on taxes (DDT) and drawback on local taxes and levies (DLTL) schemes has crippled country's exports during the last 10 years.

Exporter claimed that the approximate outstanding amount against these schemes launched by the previous governments since 2009 has accumulated to Rs72 billion.

Beside the DDT and DLTL amounts, a mammoth amount of around Rs300bn under the sales tax, customs rebate and withholding tax is also outstanding for a long period of time, said Chairman

Pakistan Apparel Forum Jawed Bilwani.

Talking to *Dawn*, he remarked that the previous government released Rs32.18bn for payments against DDT given under Prime Minister's Export Package in 2017 and DLTL given under Textile Policies of 2009-14.

However, he regretted that the incumbent government has not released a single rupee till date. He said that the government's reluctance to release outstanding sums has crippled exports as the entire sector is faced with liquidity crunch and could not fulfill existing orders and is unable to commit to new export orders.

Chairman Pakistan Bedwear Exporters Association Shabir Ahmed lamented that it seems the government is not committed to protect exporters or even enhance

exports because no pragmatic measures are being taken to protect country's exporters.

Chairman Pakistan Cotton Fashion and Apparel Exporters Khawaja Usman said that taxes which have to be returned back to exporters after getting export proceeds either be immediately removed or the government should at least link their payments with the receipt of export proceeds received by the State Bank of Pakistan.

On one hand, the government keeps talking about huge trade gap and depleted foreign exchange reserves but on the other hand it has not taken any serious steps to increase exports which are the only source for reducing current account deficit, he added.



Govt urged to release DDT, DLTL claims

RECORDER REPORT

KARACHI: Textile makers-cum-exporters on Wednesday reminded of the new PTI's government of its 'huge' refunds counting up to billions of rupees long pending with it's the tax collection authority that causes their manufacturing to suffer financially, asking Islamabad to step up to release the amount.

"Huge amount of exporters' liquidity of billions of rupees in DDT and DLTL has been stuck with the government causing great sufferings to the already burdened exporters who are now at a loss," Muhammad Jawed Bilwani, Central Chairman, Pakistan Hosiery Manufacturers & Exporters Association said, adding that the "an alarming situation will ruin the export business of the value-added textile exporters".

The government, he said, has not given any firm commitment to release DDT and DLTL claims, adding that "the previous government has released Rs32.18 billion in respect of payment of DDT under PM Export Package and

DLTL Claims under Textile Policies of 2009-14 and 2014-19". The incumbent government has not released a single rupee until today, he said.

He said that the PTI government is in power for the last four months but paid no attention to solve the textile sector's problems including the long pending refunds under the DDT and DLTL claims. Besides, billions of rupees in sales tax refund claims, customs rebates claims and withholding tax claims of textile exporters are also pending with the government, Bilwani said.

The value-added textile export sector earns a major amount of foreign exchange and revenue for the government with generating largest employment, he said, adding that the very sector is faced with crisis to survive the global market competition since the manufacturing cost is rising higher. He demanded of the government to ensure a business friendly environment with an immediate release of all pending refunds to the textile sector.



Hindrance

Textile body sees 10% hike in exports if refunds released

Insists over Rs90b in duty and tax refunds are outstanding

● OUR CORRESPONDENT
KARACHI

Exporters have voiced fear that textile shipments cannot be stepped up as they face a liquidity crunch in the wake of delay in release of tax refund claims by the government.

The Federal Board of Revenue (FBR) is liable to pay around Rs45 billion in Duty Drawback of Taxes (DDT) and Drawback of Local Taxes and Levies (DLTL) for the period January 2017 to August 2018, said Pakistan Hosiery Manufacturers and Exporters Association (PHMA) Central Chairman Muhammad Jawed Bilwani. The revenue collecting body was also supposed to release Rs40 billion in sales tax refunds, Rs6 billion in customs rebate and over Rs1 billion in withholding tax refund, he said.

"It is not returning back our money, which is preventing us from moving forward," he lamented. "If it releases the refunds on time, the textile industry can be enlarged by up to 10% next year."

He added that the delay in

OUTSTANDING
Rs40b

is to be released by the FBR to clear sales tax refund claims of exporters

releasing tax refunds was causing immense sufferings to the already burdened exporters. "Such an alarming situation will ruin the export business of value-added textile exporters," Bilwani said. "The government has still not provided any firm commitment to release the said claims."

The previous government released Rs32.18 billion in DDT under the PM Export Package and in DLTL under the textile policies of 2009-14 and 2014-19 while the current administration "has not released a single rupee so far," Bilwani said.

"The government has been in office for more than four months now, yet it is only paying lip service and no practical steps and measures



DRIVING FORCE: Pakistan is facing a foreign trade deficit of about \$19 billion and the value-added textile export sector is the backbone of Pakistan's economy. PHOTO: FILE

have been taken to resolve the matter," he argued.

"Pakistan is facing a foreign trade deficit of about \$19 billion and value-added textile exports are the backbone of the country's economy. It earns foreign exchange and revenue - both in bulk - for the government."

Besides, the sector is also labour-intensive and the largest employment generator.

However, value-added textile exporters were battling for their survival in the global market due to costly inputs and high cost of manufacturing. To address the challenges, provide an enabling business

environment and create a level playing field, "it is crucial that the government immediately release DDT and DLTL refund claims," Bilwani said.

In a separate statement, All Pakistan Textile Mills Association (Aptma) Chairman Syed Ali Ahsan urged Finance Minister Asad

Umar to give directives to the FBR for processing and releasing outstanding sales tax refund claims of the industry in order to address serious liquidity issues plaguing the manufacturers and exporters.

He pointed out that over Rs100 billion was outstanding in sales tax refunds of the textile industry, both on account of current and deferred refunds, at various Large Taxpayer Units (LTUs) and Regional Tax Offices (RTOs) mainly due to cross-matching of invoices and payment of sales tax on account of services since 2008 onwards.

He asked the FBR to immediately give directives to all LTUs and RTOs for expeditious processing of refund claims and subsequent payments against the Refund Payment Orders (RPOs) in order to save the industry from being declared a defaulter.

"Banks are already reluctant to revise credit limits for companies as per increased cotton rates. This means further pressure on liquidity, making it difficult for the mills to stay afloat," he added.



LIQUIDITY CRUNCH

Textile industry demands Rs100bln in stuck tax refunds

By our correspondents

LAHORE/KARACHI: Textile industry on Wednesday urged the government to settle more than Rs100 billion in outstanding sales tax refunds, which are causing serious liquidity crunch for manufacturers and exporters.

Ali Ahsan, chairman of All Pakistan Textile Mills Association said current and deferred sales tax refunds are lying pending at various large taxpayer units (LTUs) and regional tax offices (RTOs) mainly due to the cross-matching of invoices.

"The FBR (Federal Board of Revenue) should issue directions to all the LTUs and the RTOs for expeditious processing of refunds and subsequent payments against the refund payment orders issued in order to save industry facing the threat of being declared as defaulter," Ahsan said in a statement.

"Banks are already reluctant to revise (financing) limits of companies as per the increased cotton rates."

Textile exporters said the government has not released a single rupee, on account of duty drawback of taxes (DDT) and drawback of local taxes and levies (DLTL) since it came

into power four months back.

Value-added textile exporters said the previous government released Rs32.18 billion on account of payment of DDT under the Prime Minister's Trade Enhancement Package and DLTL claims under the textile policies of 2009/14 and 2014/19.

"The sitting government has not released a single rupee till date," Jawed Bilwani, central chairman of Pakistan Hosiery Manufacturers and Exporters Association (PHMA) said in a separate statement.

"The new government has taken over charge for more than four months (and) is busy in lip service, verbal announcements and photo sessions but no practical steps and measures have been taken yet to release the amount of claims of DDT and DLTL."

Textile exports remained flat at \$5.506 billion during the first five months of the current fiscal year of 2018/19 as the value-added sector couldn't perform up to the mark despite constant rupee devaluation against the US dollar. Rupee has lost a quarter of its value against the US dollar since December last year.

Bilwani said huge amount of exporters'

liquidity of billions of rupees in DDT and DLTL has been stuck with the government, causing great sufferings to the already-bur-

“ The new government has taken over charge for more than four months (and) is busy in lip service, verbal announcements and photo sessions but no practical steps and measures have been taken yet to release the amount of claims of DDT and DLTL ”

dened exporters who couldn't understand "how to make both ends meet and such an alarming situation will ruin the export busi-

ness of the value-added textile exporters".

"The government has not given any firm commitment to release DDT and DLTL claims," he added.

PHMA's chairman further said billions of rupees in sales tax refund, customs rebates and withholding tax claims of exporters are also pending with the government.

"Value-added textile export sector is the backbone of Pakistan's economy (and) earns major amount of foreign exchange and revenue for the government," he added.

"Besides, the sector is also labour-intensive and largest employment provider and generator. Value-added textile exporters are battling for their survival in the global market due to costly inputs and high cost of manufacturing."

Bilwani demanded of the government to help the industry overcome the challenges, provide an enabling business environment and create a level-playing field for textile exporters.

"It is crucial that the government should immediately release payment against DDT and DLTL claims of textile exporters and accord priority to resolve the issues of textile exporters."



ایکسپورٹ پیکیج کے تحت واجب الادا کلیمز ادا کیے جائیں، برآمد کنندگان

ڈیوٹی ڈرا بیک آن ٹیکس، آن لوکل ٹیکس اینڈ لیویز کے کلیمز کی مد میں اربوں کے واجبات ہیں

حکومت توجہ دے ورنہ احتجاج کریں گے، پاکستان ہوزری مینوفیکچررز ایکسپورٹرز ایسوسی ایشن

کراچی (اسٹاف رپورٹر) حکومت کی جانب سے برآمدی شعبے کے زیر التوا مجموعی طور پر 80 ارب روپے سے زائد مالیت کے مختلف ریفرنڈ کلیموں کی ادائیگیوں کے وقت کے عدم تعین سے برآمد کنندگان کا مالیاتی بحران مزید شدت اختیار کر گیا ہے۔ برآمد کنندگان کے حکومت پر طویل مدت سے اربوں روپے کے ڈیوٹی ڈرا بیک آن ٹیکس اور ڈرا بیک آن لوکل ٹیکس اینڈ لیویز کے کلیمز کی مد میں واجبات ہیں جس کی عدم ادائیگیوں کے سبب ایکسپورٹرز کا اضطراب بڑھ گیا ہے اور وہ مالی دشواریوں کی وجہ سے برآمدی سرگرمیوں کی رفتار تیز کرنے سے قاصر ہو گئے ہیں۔ اس تناظر میں برآمد کنندگان نے ایکسپورٹ پیکیج کے تحت واجب الادا کلیمز کی ادائیگیاں فوری طور پر شروع کرینا مطالبہ کر دیا ہے۔ پاکستان ہوزری مینوفیکچررز اینڈ ایکسپورٹرز ایسوسی ایشن (باقی صفحہ 5۔ نمبر 42)

ایکسپورٹ پیکیج

(42)

کے سینٹرل چیئرمین جاوید بلوانی نے کہا ہے کہ گذشتہ حکومت نے ٹیکسٹائل پالیسیوں 2009-14 اور 2014-19 کے تحت پرائم سنٹر ایکسپورٹ پیکیج کے تحت ایکسپورٹرز کو ڈیوٹی ڈرا بیک آن ٹیکس اور ڈرا بیک آن لوکل ٹیکس اینڈ لیویز کی مد میں 32.18 ارب روپے کی ادائیگیاں کیں لیکن موجودہ حکومت کو اقتدار میں آئے 4 ماہ سے زائد کا عرصہ گزرنے کے باوجود اس ضمن میں صرف زبانی وعدوں، فوٹو سیشنز اور اعلانات کیے جا رہے ہیں۔ مہنگے انڈسٹریل ان پٹس اور مینوفیکچرنگ کی بڑھتی ہوئی لاگت کی وجہ سے ایکسپورٹ انڈسٹری شدید دباؤ کا شکار ہے اور اپنی بقا کے لیے جدوجہد کر رہی ہے۔ انھوں نے حکومت سے مطالبہ کیا کہ ایکسپورٹرز کو درپیش چیلنجز کے پیش نظر حکومت ایکسپورٹرز کو فوری طور پر ترغیبات دے، سازگار روپاری ماحول یقینی بنائے۔



روزنامہ ”نئی بات“ کراچی (11) 27 دسمبر 2018ء

حکومت برآمد کنندگان کی ادائیگیاں فوری کرے، ہوزری مینوفیکچررز

کراچی (کامرس رپورٹر) مرکزی چیئرمین پاکستان ہوزری مینوفیکچررز اینڈ ایکسپورٹرز ایسوسی ایشن محمد جاوید بلوانی نے کہا ہے کہ برآمد کنندگان کے اربوں روپے کے ڈیوٹی ڈرا بیک آن ٹیکس اور ڈرا بیک آن لوکل ٹیکس اینڈ لیویز کے کلیمز کی حکومت کی طرف سے ادائیگیاں نہ ہونے کے سبب ایکسپورٹرز کی مالی دشواریوں میں اضافہ ہوتا جا رہا ہے۔ موجودہ حکومت کی طرف سے ایکسپورٹرز کے کلیمز کی ادائیگی کے لئے غیر سنجیدگی اور ادائیگیوں کے لئے وقت کا تعین نہ کرنے کے سبب مالی مشکلات اور خسارے کا سامنا کرتے ہوئے برآمد کنندگان میں شدید بے چینی پائی جاتی ہے۔ حکومت فوری طور پر ایکسپورٹرز کے ایکسپورٹ پیکیج کے تحت واجب الادا کلیمز کی ادائیگیوں کا فوری آغاز کرے۔ جاوید بلوانی نے اظہار خیال کرتے ہوئے کہا کہ گزشتہ

حکومت نے ٹیکسٹائل پالیسیوں 14-2009 اور 19-2014 کے تحت پرائم منسٹر ایکسپورٹ پیکیج کے تحت ایکسپورٹرز کو ڈیوٹی ڈرا بیک آن ٹیکس اور ڈرا بیک آن لوکل ٹیکس اینڈ لیویز کی مد میں 32.18 ارب روپے کی ادائیگیاں کیں جبکہ موجودہ حکومت جسے اقتدار میں آئے چار ماہ سے زائد کا عرصہ گزر چکا ہے صرف زبانی وعدوں، فوٹو سیشنز اور اعلانات میں مصروف ہے اور ڈی ڈی ٹی اور ڈی ایل ٹی ایل کے کلیمز کی ادائیگیوں کے لئے کوئی ٹھوس عملی اقدامات نہیں کئے گئے۔ انہوں نے تشویش کا اظہار کرتے ہوئے بتایا کہ ایکسپورٹرز کے مزکورہ کلیمز کے علاوہ اربوں روپے کے سیلز ٹیکس ریفرنڈز کے کلیمز، کسٹمز ریپیٹ اور ود ہولڈنگ کے کلیمز جو حکومت کی طرف سے واجب الادا ہیں عرصہ دراز سے التواء کا شکار ہیں۔



Page no. 19

■ ENERGY

Gas shortage puts half of textile exports at stake

By our correspondent

KARACHI: Value-added sector on Thursday feared a 50 percent reduction in textile exports if the government fails to ensure uninterrupted gas supply to the industries.

"Textile export industries of Karachi contribute 52 percent share in the national textile exports. Depriving of gas to the textile industries means affecting of 52 percent of textile exports as well as foreign exchange reserves and revenue losses," Jawed Bilwani, chairman of Pakistan Hosiery Manufacturers and Exporters Association (PHMA) said.

Textile export sector is compelled to work only six days a week due to weekly one-day industrial gas holiday by Sui Southern Gas Company (SSGC) since last several years. Competing industries in the regional countries remain operational round the year.

"Now amid frequent low gas pressure the situation has further aggravated," Bilwani added.

PHMA chairman said textile export industries are starving for the most essential raw

materials – indigenous gas due to most frequent low pressure.

"It is most unfortunate that the situation of gas supply to the textile export industries is worsening every coming day which has brought disastrous effects on the export consignments."

Bilwani said export production has been crippled and industries remained without gas from four hours up to 13 hours during 14 days out of 27 days in December.

Out of 27 days, export industries could not operate for 16 days up to its full capacity due to gas problem, which means industries produced 60 percent less goods.

"(This) may result in failure of exporters to meet their export commitments on time and cause colossal losses on shipments by air," Bilwani said.

"Due to exorbitant cost of manufacturing as compared to regional competing countries, Pakistani exporters are already working on very narrow margin of profits."

PHMA chairman said gas generators producing electricity time and again are shut down owing to low gas pressure, causing faults in the machinery and

“ Textile export industries of Karachi contribute 52 percent share in the national textile exports. Gas shortage means affecting of 52 percent of textile exports ”

electronic equipment and machinery programs get corrupt or damaged due to power fluctuation.

Resultantly, labourers sit idle for complete one shift and sometime two shifts.

"If the crisis situation prevails, many exporters fear colossal losses and (will be) compelled to shut down their industries."

Bilwani slammed inefficient gas management. When SSGC was asked for the reason behind low gas pressure, it said compressed natural gas stations are operative and therefore the gas pressure is low.

PHMA chief said the sitting government has accorded priority to export sectors, including textile for supply of gas and also segregated it from general industry to enhance the exports.

"Nevertheless, SSGC is violating the government's gas priority policy and instead supplying gas to other low priority sectors."

Bilwani urged the government to direct SSGC to comply with the policy and supply gas to textile export industries on priority basis to save them from losses and closures.

Textile industry hit by low gas pressure: exporters

RECORDER REPORT

KARACHI: The export-oriented textile industry of Karachi is faced with a frequent low gas pressure scaling back manufacturing resulting in delays of consignment shipments to the world market, exporters said on Thursday.

Textile export industry of Karachi, with its contribution of 52 percent to the country's total exports, is striving for gas to continue production, Chairman, Pakistan Hosiery Manufacturers & Exporters Association, Muhammad Jawed Bilwani said and added, "Gas Supply to the textile export industries is worsening every coming day which has brought disastrous effects on the export consignments."

Besides, the already notified two-day gas holiday, he said, the industry has undergone low gas pressure from 4 to 13 hours during 14 days out of a total 27 days in December, 2018. He said that low supply of gas has widely reduced the industrial operations by 60 percent resulting in an expected failure to ship consignments to international market on time as per the deal.

The soaring cost of manufacturing comparing to the regional competitors, Pakistani exporters are already working on a very narrow profit margins, he showed concerns, saying that the industry has to rely on their captive power plants to meet the export commitments made

to the world buyers that also makes the output costlier. "If the crisis situation prevails, many exporters fear colossal losses and would be compelled to shut down their industries," he said.

Despite the government placed the export sectors on a priority list for gas supplies, he said that the industry is deprived of the key input material to continue their operations whereas the supply to CNG stations for transportation use continues. He said that the government should stick to its plans and provide gas to the industry on a priority basis, adding that the management of the utility should be rationalised.

The continuing low gas sup-

ply is badly affecting the textile manufacturing sector that will resultantly reduce exports and revenues for the nation, he warned, saying that the government should reconsider its plans and provide gas to the industry without any holidays to enable the country to compete with its competitors globally.

"Worldwide the competing exports industries are operative 7 days a week, 365 days yearly," Jawed Bilwani said, appealing to the government to help provide gas to the industry on a priority basis without any interruptions and without any holidays to augment the country's exports and protect the exporters from financial losses.