

## Textile package

# SBP has Rs5bn but no instructions for spending

By Shahid Shah

KARACHI: The State Bank of Pakistan has received Rs5 billion from the government under the textile package but there are no instructions for utilisation of the amount despite several demands by the textile industry.

According to a letter of the State Bank addressed to the Pakistan Readymade Garments Manufacturers and Exporters Association (PRGMEA), the Ministry of Textile is yet to provide the exact heads where this amount would be utilised.

The letter says that budgetary allocation was required for several schemes announced in the Trade Policy including duty drawback for the textile sector, subsidy to PTA users and Export Finance Scheme (EFS) related incentives and also for the disbursement of remaining 60 per cent amount of R&D claims.

"We cannot start utilisation of the released funds unless Mintex clarifies under which schemes the funds are to be utilised and in what proportion," said the letter.

The textile industry has been

facing financial crunch and is still waiting for the R&D claims.

There are 60 per cent dues of R&D yet to be paid.

The PRGMEA, following the letter of the State Bank, has written to the Ministry of Textile to release funds for R&D immediately.

Bilal Mulla, Chairman FPCCI Standing Committee on Value Added Textile Products and former chairman PRGMEA, told The News that due to absence of coordination between Mintex, SBP and Ministry of Finance the allocated fund was lying unutilised with the SBP. Though the textile policy was announced on August 12, necessary notifications were issued on September 1 and here "we stand in mid-November without real benefit of the policy." He said implementation of much-appreciated textile policy till today was very low.

The textile policy announced with long-term vision and textile export target of \$25 billion in next five years was hailed by all textile sectors across the country. However on September 1, the required notification was issued by Mintex pertaining to duty drawback with full proce-

dures of refund through the State Bank of Pakistan (SBP).

"Everyone knows the package of Rs40 billion for exports has already been approved in budget 2009-10 then why there is delay in issuance of instructions to the SBP, which is responsible for the disbursement of claims under the said notification," Mulla said.

The current procedure of registration and verification of export units is very cumbersome, he said, was the main hurdle in implementation of notification under the Textile Policy.

"We suggest that Mintex should push Textile Commissioner Office, Karachi and regional offices in Lahore and Faisalabad to resolve the issues locally. Exporters belonging to different parts of the country are unable to access Islamabad Office," said Mulla.

Rana Muhammad Farooq Saeed Khan, Minister for Textile Industry, in a recent programme said that each word of the textile policy would be implemented. But, no one knows why State Bank has not been instructed to utilize the funds available under textile package.