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PAKISTAN CLOTH MERCHANTS' ASSOCIATION

4TH FLOOR, HASAN ALI CENTRE, HUSSAINI MARKET,
NEAR MERE WEATHER TOWER, M.A. JINNAH ROAD, KARACHI

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June 16, 2021

MINUTES OF THE 5TH MEETING OF THE EXECUTIVE COMMITTEE
HELD ON MONDAY THE 14TH JUNE , 2021 AT 04:00 P.M.
IN THE OFFICE OF PCMA

The 5th Meeting of the Executive Committee was held on **Monday the 14th June, 2021 at 04:00 p.m.** in the office of PCMA.

The following were present in the Meeting.

1. Mr. Abdus Samad Shekhani (**In Chair**)
2. Mr. Muhammad Arif Sonija (**Senior Vice Chairman**)
3. Mr. Muhammad Shoaib.
4. Mr. Asif Salim
5. Mr. Talib Sohail
6. Mr. Muhammad Hashim.

Mr. Arif Ismail, Secretary General was also present.

1. MEETING STARTED WITH TILAWAT-E-KALAMPAK BY MR. ARIF ISMAIL.

Abdus Samad Shekhani Chairman welcomed the members of the Executive Committee and thanked them for sparing their valuable time to attend this meeting.

2. CONSIDERED THE CONFIRMATION OF THE MINUTES OF THE LAST MEETING OF CENTRE EXECUTIVE COMMITTEES HELD ON 31ST MARCH 2021.

THE COMMITTEE UNANIMOUSLY CONFIRMED THE ABOVE MINUTES PROPOSED BY MUHAMMAD SHOAIB & SECONDED BY TALIB SOHAIL.

3. REVIEW FEDERAL BUDGET 2021-2022.

Muhammad Shoaib said that the federal budget 2021-22 is a balanced one and expressed the hope that it would lead the economy in a right direction to achieve better growth and expansion targets. The government has accepted many proposals of business industry. He said progress and prosperity of the country was dependent on promoting industrialisation, the government has reduced customs and regulatory duties on the import of raw materials and goods for many industries which is encouraging step. He said reduction in tax liability by 25 per cent for women entrepreneurs was a welcome move and urged the government to consider similar relief for Small and Medium Enterprises (SMEs).

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.Muhammad Shoaib said that Mr Khan lauded the reintroduction of the self-assessment scheme for taxpayers as it would give them more confidence and help improve tax revenue. He said deletion of 12 withholding taxes in the budget was a positive move as these taxes were putting extra burden on the taxpayers. However, he urged the government to introduce a two per cent fixed tax scheme for traders to realise the actual tax potential of the country and promote a documented economy. He said high power tariffs in Pakistan were a major cause of high cost of business and suggested the government to reduce power tariffs to make industry more competitive for exports. He hoped that the budget would be helpful in further accelerating the pace of economic activities in the country. Muhammad Shoaib said that overall budget as positive. However, he urged the government to announce some incentives to attract more foreign direct investment. He said the construction package had stimulated the economic activity in the sector and urged the government to announce similar packages for all industries. He said SMEs are playing a vital role in the economic development and suggested to announce cheap credit schemes for them. He said only 300 firms are contributing 70pc of tax revenue and urged the government to strive for broadening the tax base through a fixed tax regime. He also stressed the need to focus on skilled development of people to enhance manpower exports. Muhammad Sohaib appreciated reduction in the capital gain tax from 15pc to 12.5pc.They also stated that relief in FED and sales taxes on locally manufactured companies and promotes the industry.

“RESOLVE THAT THE BUDGET 2021-2022 IS A BALANCE BUDGET. FURTHER URGE THE GOVERNMENT TO INTRODUCE A TWO PER CENT FIXED TAX SCHEME FOR TRADERS TO REALISE THE ACTUAL TAX POTENTIAL OF THE COUNTRY AND TO PROMOTE A DOCUMENTED ECONOMY. BUSINESSMEN ARE PAYING HIGH POWER RATE IN PAKISTAN WHICH IS A MAJOR CAUSE OF HIGH COST OF DOING BUSINESS IN PAKISTAN AND SUGGEST THE GOVERNMENT TO REDUCE POWER TARIFFS TO MAKE INDUSTRY MORE COMPETITIVE FOR EXPORTS WITH A HOPED THAT THE GOVERNMENT WILL TAKE STEP ON IT TO REDUCE HIGH TARIFF RATE IT WOULD BE HELPFUL IN FURTHER ACCELERATING THE PACE OF ECONOMIC ACTIVITIES IN THE COUNTRY.”

4. REVIEW PAKISTAN EXPORT FROM JULY 2020 TO MAY 2021.

Asif Salim Executive Committee Member informs the Members that the Pakistan’s exports of textile and clothing sectors posted nearly 19 per cent growth in the 11 months of current fiscal year compared to the same period a year ago. Exports of ready-made garments were up by 14.35pc to \$2.706bn in 11 month of fiscal year 2021 against \$2.367bn over the correspond The growth in exports of value-added sectors contributed to an increase in overall exports from the sectors. One of the reasons for growth in these sectors is due to low-base of last year when export oriented industries remained closed due to the Covid-19 lockdown and cancellation of orders from international buyers.

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Total exports of textile and clothing were up 18.85pc to \$13.748 billion between July and May this year against \$11.567bn over the corresponding period in fiscal year 2020. On a monthly basis, export proceeds posted a growth of 41.14pc on a year-on-year basis to \$1.06bn in May 2021. Exports of ready-made garments were up by 14.35pc to \$2.706bn in July to May 2021 against \$2.367bn over the corresponding months of last year. Knitwear exports were up 32.70pc to \$3.414bn against \$2.572bn over the corresponding months of last year. Export of Bedwear increased by 24.60pc to \$2.472bn this year against 1.984bn in fiscal year 2020. A growth of 28.54pc was seen in export of towels to \$838.507m in July to May 2021 against \$652.351m over the last year.

Similarly, in the value-added leather sector, exports of leather garments up by 9.92pc, leather gloves 19.08pc respectively. Exports of raw leather declined by over 17pc during these months in the non-value added sector, exports of cotton cloth posted a paltry growth of 0.97pc in July to May 2021 compared to previous fiscal year. Similarly, exports of cotton yarn declined by 1.60pc and raw cotton 96.51pc. It clearly indicates that these raw materials were consumed mostly by the value-added sector as the government allowed duty-free import of these products.

Exports of cotton carded were up by 3.17pc and yarn other than cotton yarn by 20.24pc during the period under review. Export proceeds of tents, canvas and tarpaulin are up by 15.54pc, art, silk and synthetic textile saw an increase of 12.26pc and made up articles excluding towels, Bedwear went up by 23.43pc during the months under review. Pakistan is one of the main suppliers of global surgical instruments. However, these instruments are re-marketed from western countries with famous brands. As a result, the export value of these products remains very less. To bridge the shortfall in the domestic sector, the industry imported 775,428 tonnes of raw cotton between July to May against 472,015 tonnes last year, showing an increase of 69.52pc. Similarly, the import of synthetic fibre posted growth of 43.24pc as industry imports 419,459 tonnes this year as against 269,881 tonnes.

“RESOLVE THAT THE PAKISTAN’S EXPORTS OF TEXTILE AND CLOTHING SECTORS POSTED NEARLY 19 PER CENT GROWTH. EXPORTS OF READY-MADE GARMENTS WERE UP BY 14.35PC TO \$2.706BN IN 11 MONTH OF FISCAL YEAR 2021 AGAINST \$2.367BN OVER THE CORRESPOND THE GROWTH IN EXPORTS OF VALUE-ADDED SECTORS CONTRIBUTED TO AN INCREASE IN OVERALL EXPORTS FROM THE SECTORS. ONE OF THE REASONS FOR GROWTH IN THESE SECTORS IS DUE TO LOW-BASE OF LAST YEAR WHEN EXPORT ORIENTED INDUSTRIES REMAINED CLOSED DUE TO THE COVID-19 LOCKDOWN AND CANCELLATION OF ORDERS FROM INTERNATIONAL BUYERS.”

5. There being no other item on the Agenda, the meeti0ng thereafter ended with a vote of thank to the Chair.

ARIF ISMAIL
SECRETARY GENERAL