

An Exclusive Interview with

Federal Secretary

Ministry of Textile Industry

Question: Tell us something about the Textile Ministry and its objectives and contribution. What are the core functions of the Textile Industry Division?

Answer: Textiles sector occupies a pivotal position in Pakistan's economy. It has the most intensive backward and forward linkages compared to any other sector. Linking agriculture through industry to exports is a distinction that is unique perhaps to textiles sector. A single crop, when processed through various segments of the longest industrial chain, contributes nearly 8% of country's GDP, produces 24% of industrial value-added, employees 40% of industrial work force, consumes 40% of bank credit to manufacturing and accounts of nearly 60% of our exports. In-addition, this sector is providing livelihood to more than 10 million farming families.

Realizing the importance of this sector, the Government created a dedicated Ministry for the Textile Sector in October 2004. The functions of the Ministry are;

- Formulation of Textiles Policy
- Liaison with all Ministries, Departments and Local government entities for facilitation and promotion of the textile sector
- Liaison, dialogue, negotiations (except trade negotiations), and cooperation with international donor agencies and organizations for textile sector
- Setting of standards and their compliance throughout the production and value chain
- Textile related data, analysis and reports on international demand patterns, market access, etc
- Linkages with cotton and textile producing countries
- Training, skill development, research for quality improvement and product development
- Management of Textile Quotas
- Subject of Cotton after 18th Amendment
- Administrative control of Federal Textile Board, Textile Commissioner's Organization, National



Mr. Kashif Mateen Ansari, President ICMA Pakistan is presenting Institute's Souvenir to Mr. Amir M. Khan Marwat, Federal Secretary for Textile Industry.

Textile University Faisalabad, Textile City Projects, Garment City Projects, SFDAC, PTC, Textile Testing Laboratory, EDF-funded Textile training institutes, PCCC and PCSI

Question: The textile industry is operating at 70 percent of its capacity due to acute energy crisis. What concrete measures have been taken by the government to rescue the industry from this crisis?

Answer: The energy availability and cost of doing business are two issues which have been faced by the Textile Sector especially Punjab based textile units since long. For last two winters, the Government provided gas to the Punjab based textile sector so that units may operate during winter as well. The large scale units have already installed captive power plants on various fuels; however, SMEs became non operational for such time during load management.

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Energy is a national issue and Government is addressing it on top priority by taking various measures and everyone knows about the coming hydel, wind and CPEC power projects.

Question: The textile exporters are facing liquidity crunch due to delay in sales tax refunds, despite assurances made by the Finance Ministry. Has the Textile Ministry taken up this matter with the FBR?

Answer: The FBR has already established an expeditious refund processing and payment system for the textile sector. This Ministry has always been proactive to facilitate its stakeholders with a view to help textile sector in getting their due refunds within the prescribed time frame. During FY 2014-15 the Ministry arranged several meetings between associations of textile sector and FBR officials for ensuring speedy clearance of refund claims and also

to remove any ambiguity in the processing of claims and for better sharing of information between two sides.

Question: The textile package announced in Federal Budget 2015-16 has not come up to the expectations of textile industry as expressed by APTMA and other textile associations. What do you say about this?

Answer: The textile industry has always been accorded priority through various support schemes and incentives. However, the industry sometimes compares the facilitation with the neighboring countries having more financial resources. In such scenario, if the support provided by the competitor countries is unfair and against the spirit of WTO, then they may contest the same at the appropriate forum. It is worth mentioning that the textile world is getting more and more competitive through innovation, skill development, installment of new machinery and technology. These methods which ensure improved production and increase in exports, need to be replicated in our country.

Question: The textile industry says that input or manufacturing cost is much higher in Pakistan than in India, Bangladesh and other regional countries. Do you agree with this viewpoint of the textile industry?

Answer: As mentioned in previous question, various countries are offering high support to their textile sector, thus, reducing their cost of doing business. At the moment, this Government within available resources is providing reasonable relief to the textile sector compared to any other domestic sector.

Question: Why we have not been able to increase our share of value added textile exports, despite being a cotton-producing country? Who is responsible, government or the textile industry itself

Answer: Garment sector due to substantial value addition, is the segment which ensures more return to the exporters. The focus of Textiles Policy 2009-14 is to prioritize garment sector as key to enhance exports of the country. Various measure have been

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envisaged in the new Policy to improve textile sector with more focus on value added sector like garment. These measures inter alia include, product diversification, product mix, better market strategy and dissemination of knowledge and information.

Question: Do you think that our textile industry has the capability to double the exports from present USD 13 billion to USD 26 billion in next five years as envisaged in the Textile Vision?

Answer: It only depends on the conducive environment for investment, availability of resources and reduction in cost of energy and various other measures like increase in cotton production, standardization etc. The Ministry will strive hard to achieve aims and objectives set forth in the Textile Policy. We expect that goals and objectives of the Policy can be achieved as overall economy of the country is moving in right direction. It is hoped that the new schemes launched by the present government in various trade and industry related areas would enhance the prospects of increase in exports in both textile and non textile sectors.

Question: APTMA claims that the government is not providing supportive textile policy and friendly tax structures due to which the textile industry is facing structural issues. Do you support this claim?

Answer: We may not get into debate regarding level of facilities the government is providing vis-à-vis other domestic sectors and competitor countries. There is always room for improvement. The trade associations including APTMA are welcome to identify the bottlenecks in taxation, labor laws, multiplicity of taxes and then propose measures. The Ministry within its ambit has always responded to the requests of APTMA by providing not only technical advice but also forwarded their genuine issues to the appropriate forum for necessary disposal and corrective measures. It is clarified that the role of the Ministry is to facilitate and guide the textile sector and to present their tangible cases to the relevant forum.

Question: What role do you think the management accountants can play in reducing the cost of doing business of the textile industry?

Answer: Manufacturing sector is a team work and cost of doing business can be reduced by harmonizing production, marketing and accounts to identify the cost heads and benchmarking vis-à-vis with the domestic entrepreneurs and the international companies. However, it is emphasized that there is dire need to build capacity of the workforce to increase productivity. Refreshing courses to the existing staff, proper remuneration to retain the experienced staff and to reduce wastages are keys to success. However, barring few well established companies, these are neglected areas and needs attention.

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Question: How ICMA Pakistan and Textile Ministry can jointly work for the revival and rehabilitation of the sick textile units in the country

Answer: The phenomenon of sick textile units is a complicated and chronic issue. Some units became sick due to genuine reasons and some units for some unknown reasons like mismanagement, negligence, lack of adopting best practices and lack of capacity to compete. We may support the revival of sick units by adopting, holistic and coordinated approach as major issues of the industry can't be solved in isolation. Your esteemed organization may please forward recommendations and Ministry will discuss with the quarters concerned.

The interview ended with a vote of thanks to **Mr. Amir M. Khan Marwat, Federal Secretary, Ministry of Textile Industry**, who spared his valuable time and gave his candid views exclusively for this journal. – *Editor*