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Press Release



**Textile sector at the verge of collapse –
An alert from PAKSEA Chairman Rafiq Godil**

Karachi () While expressing grave concern over the recent move of withdrawal of Concessionary Tariff on Gas/RLNG supply to five export-oriented sectors, the Chairman of Pakistan Knitwear & Sweater Exporters Association (PAKSEA), Mr. Rafiq Habib Godil termed it an imprudent and anti-export decision as high production cost has already damaged export growth and adversely impacted the country's textile industry. The textile sector alone, he said, contributes above 60 percent foreign exchange earning to the national exchequer but, unfortunately, it has brought to the verge of collapse by the anti-business policies of the government.

More than 70% SMEs, he said, are using electric supply for their production activities; for which K-Electric is charging @ Rs. 38/- per unit. On the other hand, the Captive power generation with gas costs to Rs. 19.50 per unit only to the remaining 30% SMEs and large scale manufacturers (LSM). How is it feasible, he asked, to run an industry with such an exorbitant difference of half of the moving power price.

He further pointed out that the installation of captive power generator of 500 KW costs to 5 crores of rupees and it works round the clock. On the other hand, a standby diesel generator being used by electricity users and costing to 3.5 crores of rupees, simply works during interruptions in electric supply.

It is therefore imperative for the survival of the larger part of the SMEs to be charged almost equally in comparison with the captive power users.

The export-oriented industries, he said, are therefore compelled to procure costly manufacturing inputs to run their industries, which subsequently scaled up their output cost exorbitantly, leaving the entire sector unviable. The poor economic conditions have left Pakistan's export costlier than its competing nations in global markets, since the rival countries offer their goods cheaper to the international buyers. "Our textile industry is the only hope," he was of the view, "for revival of country's economy, which has currently jolted by the high cost of doing business".

He demanded that the government should take serious notice of it and come to the rescue of the export-oriented sectors before it is completely collapsed.

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