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Govt's failure to implement textile policy

Export target may not be met, Senate body told

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ISLAMABAD: The national export target of $25 billion may not materialise because of the government's failure to implement the textile policy in letter and in spirit, lack of power/gas utilities and the global perception about the country's low production capacity, textile sector's stakeholders told a Senate sub-committee on Thursday.

They said that production and export commitments had been halted because of these reasons compounded by held up duty drawback claims worth billion of rupees.

The sub-committee meeting was presided over by Mohsin Khan Leghari.

Lack of utilities, certified cotton seeds and bad perception in the world about production capacity of the industry were other reasons behind the current deterioration of the textile industry in the country. Availability of utilities and

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subsidies provided by competitor governments are putting textile exports at a disadvantage in the international market, stakeholders informed members of the Senate panel.

The meeting was attended, among others, by Chairman Pakistan Hosiery Manufacturers and Exporters Association Javed Balvani, Chairman Towel Manufacturers Association of Pakistan Mehtabuddin Chawla, and former Vice-Chairman of Pakistan Cotton Ginners Association Mukhtar Ahmad Baloch.

The examined issues confronting the textile sector to find out ways and means to remove hurdles and improve the industry's performance.

Joint Secretary of the Ministry Kanwar Usman said that the Ministry was facing difficulties in implementing some Textile Policy (2009-14) measures, including the Support Scheme, because of a financial crunch. He maintained that against the demand of Rs42 billion for implementing these initiatives, just Rs9.8 billion was released in 2009-10, Rs7.5 billion against Rs46 billion in 2010-11 and Rs6 billion against Rs35 billion in 2011-12.

He said that huge pending liabilities under operational schemes were causing resentment among the industry.

Balvani said that the value-added textile export sector amounted to 50 percent of total domestic exports, contributing 80.26% of the textile sector's earnings. However, due to failure in implementing textile policy in letter and spirit, not only the envisaged export target of $25 billion was in jeopardy, but owing to huge amount of held up drawback claims, "our production and export commitments have come to a standstill".

He called for uninterrupted supply of gas, electricity and gas, uniform and rational tariff for electricity, gas and water. Raw cotton, he said, should be regulated to ensure regular and adequate supply while sales tax refunds and custom rebates should be paid to exporters along with export proceeds via State Bank of Pakistan.

Chawla said that there was a huge potential for Pakistan in the US and European markets, but Pakistani exporters could not meet large export orders because of acute shortages of gas and electricity. He said that there was a perception in foreign countries about domestic manufacturers inability to meet order in time.

Mukhtar said that because of absence of certified cotton seeds, the production remained low. There was no ginning institute in the country, adding that it negatively impacted research in this regard.

The chairman called for joint effort to save this vital sector, agreeing with the stakeholders that there should be adequate and uninterrupted supply of energy, adding that it was also vital to overcome the shortage of certified seeds in the country.

DAWN
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Captive power plants may get relief

By Kalbe Ali

ISLAMABAD, Oct 26: The government is planning to provide efficiency relaxations to captive power plants and a summary is expected to be taken up in the next meeting of the Economic Coordination Committee (ECC).

Incidentally, the petroleum ministry and the Planning Commission had stated earlier that captive power plants operating at the textile units were inefficient and were consuming nature gas in bulk quantity.

However, the ECC meeting held on Oct 23, 2012 decided to lower the efficiency benchmark for captive power plants.

"The ECC has, in principal, agreed to lower the efficiency benchmarks fixed for captive power plants and boilers used by the textile industry other than the IPPs for qualifying availability of gas from the SNGPL and the SSGC," an official of the textile ministry told Dawn.

The petroleum ministry had submitted a summary on policy guidelines for energy efficiency audit of captive power plants and natural gas boilers.

The benchmarks that had been approved require that the plants operate on at least 60 per cent benchmarks, and combined cycle applicable to above 50MW capacity power plants were required to operate at 50 per cent benchmarks.

However, the gas utility companies have recommended revising the guidelines as fixed efficiency benchmarks were not achievable.

The revised efficiency benchmark also include relaxations related to penalties and sale of surplus power to distribution companies, grace period, audit fee, etc.

The ECC has agreed, in principal, that efficiency benchmarks for gas engines, gas turbines based on co-generation technology be brought down from 60 per cent to 50 per cent.

Efficiency benchmarks for the combined cycle power plants applicable to above 50MW capacity power plants have been suggested to be brought down from 50 per cent to 42 per cent and for boilers the new efficiency benchmark are suggested to be 38 per cent.

However, a formal approval of these new efficiency benchmarks have been delayed as the Ministry of Water and Power and the Ministry of Textile Industry have sought time to submit their comments.

These energy efficiency benchmarks would not be applicable to Independent Power Plants set up in the country under Power Policy 1991, sources added.

Sources maintained that during the last ECC meeting it was informed that stakeholders mainly the textile industry and other industrial concerns operating these captive power plants have approached these gas companies and have challenged these efficiency benchmarks and informed that these are faulty and could not be achieved in Pakistan.

A Planning Commission report recently stated that captive power plants were benefiting only 113 units and they were consuming around 445 mmcfd gas.

The Planning Commission had also said that the gas being provided to captive power plants at cheaper rates needed to be diverted to power generation for national grid.