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## Textile policy 2009

Government is ready to reveal the Textile policy 2009 - 10, before the announcement of Federal Budget 2009 - 10. Draft is ready and would be put up before the federal cabinet soon for approval. The government has already targeted exports of \$25 billion in the new policy for the next five years which is currently \$11 billion.

### **Salient Features of the Textile Policy:**

The following points have been taken into consideration;

- The government has proposed single digit mark-up for the textile industry. Currently the lending rate is around 17% - 25% for the industries. Suggesting single digit mark up for textile will have a positive impact on the industry and companies in the textile sector will be in a position to manage their short term cash flows and working capital requirements.
- Government is planning to introduce special power tariffs for textile industry in addition solutions to solve power crisis. The industry these times facing power shortages all day long and most of the companies are not operating even. To solve power crisis special tariffs are to be introduced in the coming policy in addition to special tariffs government facilitated textile industries to import their own Power Generation Units.
- The government will ensure continuous gas supply to the textile industry. In addition, new policy will introduce a textile investment fund, human research and public private partnership schemes.

The above features are the recommendations taken into account by the Government. Our recommendations relating to textile industry includes;

- Zero rating import of textile machinery
- Zero rating exports
- Continuous energy supply

## Impact on Textile Sector

Introduction of such a policy would definitely boost the textile exports earning handsome foreign exchange for the country as the textile contributes a major part in the country's export.

**Neutral — Positive**