

REGISTERED NO. -----

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The Gazette of Pakistan

EXTRAORDINARY

PUBLISHED BY AUTHORITY

ISLAMABAD, -----day, XXXX, 2011

PART ____

Acts, Ordinances, President's Orders and Regulations

GOVERNMENT OF PAKISTAN

MINISTRY OF TEXTILE INDUSTRY

NOTIFICATION

Islamabad, the -----

No. X(X)/2011-Pub.- The following Act *enacted by the Parliament* is hereby published for general information:-

Act No. XXXX of 2011

An

ACT

to provide for the development, promotion, regulation and setting of standards for textiles industry in Pakistan to achieve sustainable growth, employment generation, increased productivity and value addition throughout the textiles chain;

WHEREAS it is necessary to initiate schemes for development, promotion and regulation of textiles value chain including establishment of institutions and frameworks;

AND WHEREAS it is necessary to take measures to set standards for all activities connected with the textiles value chain;

AND WHEREAS it is expedient to provide for registration of textiles industry units and collecting statistics about the textiles sector;

AND WHEREAS it is necessary to establish Federal Textiles Board for realizing these objectives;

NOW THEREFORE, it is hereby enacted as follows:-

Chapter I - Preliminary

- 1 Short Title, Extent and Commencement:** - (1)The Act may be called the; --
Textiles Industry (Development, Promotion and Standards) Act, 2011.
- (2) It extends to whole of Pakistan.
- (3) It shall come into force at once.
- 2. Definitions.** In the Act, unless there is anything repugnant in the subject or context,-
- a) "Act" means Textiles Industry (Development, Promotion and Standards) Act, 2011.
 - b) "Appellate Authority" means the High Court Judge of competent jurisdiction.
 - c) "Board" means Federal Textiles Board, constituted under the Act.
 - d) "BMR" means balancing, modernization and replacement.
 - e) "Chairman" means the Chairman of the Board, appointed under the Act.
 - f) "Committee" means the committees, including the Executive Committee established under the Act.
 - g) "Director General" means Director General of Research, Development and Advisory Cell (RDA Cell) of the Ministry of Textile Industry.
 - h) "Fibre" means natural fibres, man-made fibres, blended fibres and the like;
 - i) "Fund" means the Textiles Industry Development, Promotion and Standards Fund.

- j) "Member" means a member of the Board, permanent or co-opted, and includes the Chairman;
- k) "Prescribed" means prescribed by rules made under the Act;
- l) "Textiles" means any fibre or filament or yarn or fabric or cloth or garment or any other article made wholly or in part with the fibre.
- m) "Textiles allied enterprises" means buyers, suppliers, traders, exporters and designers etc. of textiles.
- n) "Textiles allied industry" means any unit engaged in production of textiles machinery, chemicals and accessories used by textiles industry.
- o) "Textile Commissioner" means head of Textile Commissioner's Organization of the Ministry of Textile Industry.
- p) "Textiles industry" means any unit or person engaged in production and or processing of textiles.

Chapter II – Development Measures

3. (1) With a view to encouraging development of textiles industry in Pakistan, the Ministry of Textile Industry may undertake such measures which will induce investment, generate employment, add value to production and manufacturing activities within the textiles value chain, improve productivity, promote research and development and reduce the cost of doing business.

(2) Without prejudice to the generality of the provisions stipulated in para 3 (1) the measures may include schemes for:

- (i) Reducing the cost of financing for investment (BMR) in textiles industry;
- (ii) Promoting employment in textiles industry including those that encourage employment of women and special persons;
- (iii) Training of manpower to ensure adequate supply of skilled workers;

- (iv) Establishment of institutions for textiles, fashion and design development;
- (v) Development of infrastructure for textiles industry, inter alia textiles and garments cities, clusters, sheds, cotton yards and other areas which can house different activities connected with textiles value chain;
- (vi) Provision of testing facilities;
- (vii) Encouragement of scientific, technological and economic research in textiles industry and textiles allied industry;
- (viii) Enhancement of value added production of exportable textiles and its allied industry;
- (ix) Simplified regulatory procedures, easier clearance of goods and services to be used by the textiles industry, provision of expert advice to enhance the efficiency of textiles value chain and such other support that would reduce the cost of doing business;
- (x) Promoting textiles exports including measures to offset the impact of local taxes and levies imposed by the federal, provincial and local governments and other actions which add to uneconomic costs and affect export competitiveness;
- (xi) Facilitate production and exports and domestic sales of textiles and textile allied products in accordance with standards established, adopted or recognized for manufacturing, internal consumption, domestic marketing and exports
- (xii) Strengthening of textiles allied industries

Chapter III – Promotional and Market Development Measures

4. (1) With a view to achieve sustainable growth of textiles products, encouraging development of markets abroad and promotion of textiles industry in Pakistan, the Ministry of Textile Industry may undertake such measures which will

introduce Pakistan brand names in international and domestic markets, increase exports and, in general, enhance the image of textiles industry of Pakistan.

(2) Without prejudice to the generality of the provisions stipulated in para 4

(1) the measures may include:

- (i) Investment to support the creation and promotion of Pakistan brand names in international and domestic markets;
- (ii) Building a positive image of Pakistan as an international hub of textiles industry, inter alia, through recognition and adoption of international compliance requirements;
- (iii) Promotion of joint ventures with world renowned brand names in textiles;
- (iv) Supporting and arranging exhibitions in Pakistan and abroad and introduction of Pakistani textiles in major international markets through print and electronic media;
- (v) Affiliations with and participation in the activities of the representative bodies of other countries, including international federations and associations of textiles industry.
- (vi) Consolidating and increasing share in traditional markets; introducing Pakistani products in new markets; developing niche markets in targeted countries for specialized products;
- (vii) Product development to meet international demands;
- (viii) Fuller participation in international and domestic exhibitions, trade fairs and expositions will be ensured for display of quality products;
- (ix) Facilitation for trade delegations and exhibitions;
- (x) Gathering market information on existing and future demands including fashions and designs through existing institutional arrangements including the Trade Development Authority of Pakistan, the commercial officers abroad and short-term consultancies where required; and

- (xi) Dissemination of information to the industry and exporters on developments in the international markets, export opportunities and specific demands;
 - (xii) Textile related negotiations for increasing market access and investment.
- (3) Ministry of Textile Industry will support and/or implement the initiatives mentioned under para 4(1) and 4 (2) in consultation and collaboration with Ministry of Commerce.

Chapter IV – Budgetary Support for Schemes

5. The Federal Government may allocate funds in the budget for supporting the schemes stipulated under Chapters III and IV.
6. For the purpose of availing the support under schemes of Chapters III and IV, the Ministry of Textile Industry may, through notification in official gazette, specify the eligibility criteria.

Chapter V – Trade Regulation

7. (1) To facilitate access to raw materials to all subsectors of the textiles industry; encourage and promote value addition for production of high-end export items and to provide adequate protection to the domestic industry from unfair trading practices, Ministry of Textile Industry may recommend to prohibit, restrict or otherwise control the import and export of goods of any specified textiles description, or regulate generally all practices (including trade practices) and procedures connected to the import or export of such goods.
- (2) Rationalization of import tariff structure in consultation with NTC keeping in view,
- i) competitiveness of local Industry,
 - ii) global trends,
 - iii) bilateral and multilateral agreements, and
 - iv) value addition.

(3) The provision of this section will have effect notwithstanding anything else contained in any other law for the time being in force.

Chapter VI: Registration and Information

8. Registration and Information (1) To undertake promotional and developmental measures and to monitor the performance of textiles industry, and utilization of support taken under the policy, the Ministry of Textile Industry shall register all textiles industrial units which shall provide data and information related to their sphere of operations on a regular basis and when required by the Ministry of Textile Industry.

(2) All textiles industry units shall register themselves with the Ministry of Textile Industry within such period as may be prescribed by the Government. However, the Ministry of Textile Industry may exclude for a given period of time, any small and medium enterprises segment of the textiles chain from the purview of registration.

(3) Textiles allied industry and enterprises will be required to register and provide information to become eligible for any concession or benefit from any scheme or project to be launched by the Ministry of Textile Industry.

(4) Any unit failing to register shall not be eligible for any concession and shall be liable to penalties under this Act.

(5) The information provided under the Act shall be confidential and shall not be –

- (a) used for any purpose other than compilation of statistics; research and need assessment of developmental projects; manage the schemes/projects and monitor the utilization of schemes under the Act;
- (b) published in a form which may disclose the state of affairs of any particular individual, firm or institution;
- (c) divulged, except with the written consent of the person/unit providing information or return, to any person not connected officially with the enquiry in relation to which the information or returns have been called for;

(d) accessible to the inspection of any person otherwise than for the purpose of prosecution for contravention of the provisions of the Act;

(e) disclosed to any person, or used in evidence in any proceedings to which the person/unit furnishing the information or return is a party, except for the purpose of prosecution for contravention of the provisions of this Act.

(6) Any employee of the Board found to have misused any information obtained under this Act shall be liable to penalties as may be prescribed under the rules to be framed by the Board.

Chapter VII – Federal Textiles Board

9. Establishment of Federal Textiles Board (1) The Ministry of Textile Industry shall, by notification in the official Gazette, establish with effect from such date as may be specified in the notification, a Board to be known as the Federal Textiles Board, which shall be a body corporate having perpetual succession and a common seal with power to acquire, hold and dispose of property and to contract and may, by that name, sue or be sued.

(2) The Head Office of the Board shall be in Islamabad.

(3) The Board shall consist of the following members —

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| • Minister for Textiles industry | Chairman |
| • Secretary, Ministry of Textile Industry | Member |
| • Secretary, Ministry of Finance | Member |
| • Secretary, Ministry of Commerce | Member |
| • Secretary, Ministry of Industries | Member |
| • Secretary, Ministry of Science &
Technology | Member |
| • Chairman, Federal Board of Revenue | Member |

- Chief Secretaries of all Provinces, or their nominees Members
- Director General, Ministry of Textiles Member and Secretary to the Board
- Textile Commissioner Member
- Vice President, PCCC Member
- Ten members having atleast fifteen years of operating a textiles unit to be appointed by the Ministry of Textile Industry from the textiles industry for three years (Ginning, Spinning, Fiber, Filament Yarn, Weaving, Knitting, Processing, Stitching, Composite, Other Products)
- Such other members, not exceeding four, as the Board may appoint who have expertise, knowledge or practical experience in matters relating to the textiles industry for a period of three years.

10. Meetings - (1) The Board shall meet as frequently as needed but not less than four times during a year.

(2) A simple majority of the total membership shall constitute the quorum for a meeting of the Board.

(3) The Board shall frame rules for the conduct of its business, including the notice for holding of meetings, emergent meetings, manner of keeping record of meetings and other ancillary matters connected with its working.

(4) The Board may co-opt more members which may include representatives of provincial governments for a meeting, whenever its business so warrants.

(5) All decisions of the Board shall be taken through a majority vote and the Chairman shall have a casting vote.

11. Executive Committee - (1) There shall be an Executive Committee of the Board headed by the Secretary, Ministry of Textile Industry and consisting of six other members, equally taken from government and private members to be nominated by the Board.

(2) The Board may delegate such of its powers to the Executive Committee as it may deem fit and the Committee shall be competent to take decisions within those delegated powers.

(3) The decisions and record of the deliberation of the Executive Committee shall be provided to the Board for information.

12. Secretariat of the Board - The secretariat of the Board shall be located in the Ministry of Textile Industry.

13. Functions of the Board (1) Subject to the provisions of the Act, the functions of the Board shall, inter alia, be to cause directly or through the Ministry of Textile Industry and its attached or sub-ordinate or affiliated bodies -

- a) Development, adoption and or recognition of quality and product standards across the textiles value chain and textiles allied industry for manufacturing, internal consumption, domestic marketing and exports and to prescribe for affixation of suitable marks on such standardized textiles and textiles allied products, notwithstanding anything contained in the existing legislations;
- b) Training for implementation of standards and quality control;
- c) Compliance with domestic and international standards for textiles and textiles allied industry products through quality inspections and audits etc.;
- d) Measures to facilitate access to raw materials to all the sectors of textiles industry;
- e) Monitoring of price situation of raw materials for all the textiles industry;

(2) The Board may advise the Government on facilitation measures for textiles industry based on international bench marks.

(3) Board may monitor and make recommendations to the Ministry of Textile Industry for overall development of textiles and textiles allied industry.

(4) Such other functions as the Ministry of Textile Industry may, from time to time, direct.

14. Powers of the Board: (1) The Board may exercise such powers as may be necessary or expedient for the purpose of carrying out its functions under the Act.

(2) Without prejudice to the generality of the provision in 14(1), the Board may make recommendations to the Ministry of Textile Industry to:-

- a) Levy a cess on textile manufacturers, dealers of textiles & textile allied industry in Pakistan not exceeding an amount equivalent to 1% of the annual turnover. However, the Ministry of Textile Industry may exclude for a given period of time, any small and medium enterprises segment from application of the cess. All proceeds of this cess will form a part of the Textiles Industry Development, Promotion and Standards Fund.
- b) Prohibit production and exports and domestic sales of textiles and textile allied products in contravention of standards established, adopted or recognized for manufacturing, internal consumption, domestic marketing and exports.
- c) Make committees, including sectoral committees on issues linked to development and regulation of textiles industry.
- d) Carry out audit of accounts and documents of textiles industry.
- e) Textile Commissioner shall be the collector of Cess and carry out audit for this purpose of the Act.

15. Power to make regulations: (1) The Board, may make regulations not inconsistent with the Act to carry out its functions.

Chapter VIII – Offences and Penalties

16. Offences and Penalties: (1) Any textiles unit which contravenes any provision of this Act or fails to comply with orders issued by the Ministry and commits any of the offences indicated in sub para (2), shall be liable to penalties and recovery of any costs incurred by the Government under incentives or support schemes as may be prescribed under the rules to be framed by the Board;

(2) Offences:

- a) Failure to register with the Ministry in violation of the provision in Article 8(2)
- b) After having received due notice to answer any questionnaire or to furnish any information under the Act, willfully and without lawful reason, refuses or fails to respond within the specified period or extended period,
- c) After having received due notice to answer any questionnaire or to furnish any information, provides false information
- d) After having received due notice to deposit cess or any other return under the Act, willfully and without lawful reason, refuses or fails to submit within the specified period or extended period,
- e) The unit disallows or delays inspection after receipt of due notice
- f) The unit does not comply with standards laid out under the Act
- g) Submit fraudulent claims or mis-utilizes the incentives provided by the Government

(3) In case of offences as defined under para 16(1) and (2), registration of the unit shall also be suspended.

(4) The levy of penalties and modalities of collection in such cases shall be determined by the Board.

Chapter IX – Right of Appeal

17. Appeal: (1) Any person or a firm aggrieved by an order passed under the Act may, within thirty days of such order, appeal before the High Court of Competent Jurisdiction.

18. Appellate Authority. (1) The Appellate Authority may, on its own accord or on receipt of an appeal under the Act call for and examine the record of a case for the purpose of satisfying itself as to the legality or propriety of any order passed by an officer authorized to do so under the Act and suspend, overturn or confirm such an order.

(2) Provided that no such order shall be passed unless, in the case of appeal, the appellant, and, in any other case, the party likely to be affected thereby has been provided with a reasonable opportunity to appear and be heard.

Chapter X – Constitution of Fund and Audit

19. Constitution of Fund. (1) The Board shall establish, manage and operate a Fund to be called the Textiles Industry Development, Promotion and Standards Fund. The Fund shall consist of any moneys received from the Federal Government, the proceeds of cess, penalties, all fees and other charges levied under the Act; all moneys received by the Board by way of grant, donation, or contribution.

(2) The money in the Fund shall be used in carrying out such functions as defined in the Act and for meeting expenses of the Board, its Committees and employees.

20. Accounts and Audit: (1) The Board shall maintain accounts and other relevant records and prepare an annual statement of accounts, in accordance with such general directions as may be issued, and in such form as may be prescribed, by the Ministry of Textile Industry in consultation with the Auditor-General of Pakistan. The Board shall arrange annual audit of accounts and submit reports to the Ministry of Textile Industry.

Chapter XI – Removal of Difficulties

21. (1) If any difficulty arises in giving effect to the provisions of this Act, the Ministry of Textile Industry may, by general or special order made during the period of one year from the commencement of this Act, direct such action to be taken as it considers necessary or expedient for the purpose of removing the difficulty, provided that such action shall not be less favorable as compared to the one provided for earlier.

Chapter XII – Indemnity

22. (1) No suit, prosecution or other legal proceeding shall lie against any person for anything which is in good faith done or intended to be done under this Act.

Chapter XIII – Act to Override Other Laws

23. (1) The provisions of this ACT shall have effect notwithstanding anything to the contrary contained in any other law, for the time being in force.

(Shahid Rashid)

Secretary

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