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PRESS RELEASE

Garment exports down 2.64% in 2009-10: AEPC

New Delhi, June 3 – Garment exports from India dropped 2.64 per cent to 10.64 billion dollars in 2009-10 compared to 10.93 billion dollars in the previous financial year, fresh data released today by the Apparel Export Promotion Council (AEPC) showed.

In rupee terms, however, there was a negligible recovery of 0.37 per cent. Apparel exports totaled Rs 50,479 crore in 2009-10 compared to Rs 50,293 crore in 2008-09. But in dollar terms, all months of 2009-10 except July, August and November showed a painful downside.

“Exporters are in deep trouble as the garment industry is reeling under unprecedented price hike of yarns and fabrics,” said AEPC’s chairman Premal Udani. “The past four months have witnessed a mind-boggling 50 to 80 per cent increase in prices of basic raw materials. Just when there were signs of initial recovery, the industry has been plunged into a gloom because of high raw material prices and their erratic supply.”

Mr Udani asked the government to impose a 15 per cent tax on exports of cotton yarn. “At a time when domestic demand for fabrics and yarns is booming, free exports of basic raw materials like cotton and cotton yarn take millions of jobs away from the country.”

He urged the government to have long-term calibrated exports of cotton and yarn. As far as possible, exports of raw materials should be discouraged. “The government needs to encourage the readymade garment sector which not only earns more foreign exchange per kg of exports but creates millions of jobs in the process.”

Mr Udani also appealed for removal of 16 per cent duty on imports of yarns. Over and above the raw material costs, he said, the industry has been impacted by high labour costs, non-refund of central and state levies besides infrastructure deficiencies.

“Our share in world global market of clothing is going down,” said Mr Udani. “Bangladesh has become a larger garment exporter than India. By next year, Vietnam will also overtake us.”

The Indian apparel industry is the second largest employer of human resources after agriculture. Mr Udani pleaded for immediate government intervention as millions of jobs are at stake.