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PRESS RELEASE.

Garment exports from India dropped 2.64 per cent: AEPC

Mumbai July 9th, 2010 – 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).

The first two months of the current financial year have shown 5.23% decrease in rupee term, as compared to the previous year. Exports of apparel are highly price sensitive, according to Mr. Premal Udani, Chairman, Apparel Export Promotion Council (AEPC). The unprecedented rise in price of raw materials (cotton & yarn) over the past few months and also general increase in all other costs due to hike in duty of petroleum products has made Indian garments uncompetitive in the world market.

While our exports are falling, exports from low cost countries, such as Bangladesh, Vietnam, Cambodia continue to rise added Mr. Udani. Bangladesh today exports almost 13 Billion dollar of apparel. This is roughly 20% more than Indian garment exports.

Mr. Udani requested the government's support in terms of higher duty draw back rates to offset cost disadvantages in India.

Mr. Udani also urged the government for a faster implementation of the Indo-EU FTA. This FTA's has a potential of increasing India's textiles and clothing exports to the European Union by over 3 billion dollar. It will also create an additional 2.5 million jobs in our economy.

Mr. Udani welcomed the government's initiatives in the skilled development area. The ready made garment industry is the second largest employer, after agriculture in the country.

Recently the Government of India through its skilled development initiatives is seeking to fund the ATDC (Apparel Trading & Design Centers) initiatives of AEPC to develop skilled man power for this sector.

Currently the apparel sector employs 6 million people directly and 3 million people indirectly. 50% of the work force is women. With the right government policies, this sector has the capacity to absorb another 5 million workers directly within the next 3 years.