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PRESS RELEASE

AEPC demands immediate 4 per cent increase in duty drawback rates

New Delhi, Feb 16 -- The Apparel Export Promotion Council (AEPC) today called for immediate increase in duty drawback rates by four percentage points to beat growing competition in gloomy overseas markets.

The measure which is not a part of the Union budget must be announced in a day or two, said its chairman Rakesh Vaid who is currently in Las Vegas to represent India at the Magic Apparel Show.

In letters to commerce minister Kamal Nath, his colleague Jairam Ramesh and deputy chairman of the Planning Commission Montek Singh Ahluwalia, Mr Vaid said collateral damage will be done to the readymade garment export industry unless drawback rates are increased.

He said the industry had hopes from the interim Union budget for 2009-10 through an economic stimulus package.

In September last year, the government had reduced drawback rates for cotton apparel from 11 to 8.8 per cent, for blended apparel from 11.2 to 9.8 per cent and for synthetic apparel from 11.5 to 10.5 per cent. The AEPC has been demanding ad hoc increase by 4 percentage points from September 2008.

On the other hand, China has raised tax rebate for textile and garment exports from 14 to 15 per cent from February 1. Since August last year, it has increased the concession three times. The previous increase was in November.

Mr Vaid also called for exemption from fringe benefit tax for apparel exporters and benefits under section 80HHC of the Income Tax Act for at least five years. He said interest-free loans for investment in textile and clothing machinery must be introduced alongwith zero duty import of capital goods.

The AEPC chairman called for two per cent additional subvention in export credit to be reintroduced.

Garment exports which totalled 9.7 billion dollars in 2007-08 are likely to fall 24 per cent short of the 11.62 billion dollar target and may add up to nearly 9 billion dollars in the current fiscal year.

The current global economic downturn has, however, led Bangladesh, Vietnam and other neighbouring countries to cut costs and improve their competitiveness in global markets -- especially the United States.

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