



PRESS RELEASE

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Garment exports from India stumble in current fiscal year

New Delhi, July 2 – A double digit decline in garment exports from India during May has evoked serious concern among members of the Apparel Export Promotion Council (AEPC) amid fears of a continuing recession in global markets.

Provisional figures show that apparel worth 763 million dollars were exported in May 2009 compared to 863 million dollars in the same period last year, marking a decline of 11.58 per cent.

This follows a 9.5 per cent fall in garment exports during April this year which totaled 809 million dollars as against 886 million dollars in April 2008.

AEPC chairman Rakesh Vaid said unless the government takes concrete steps like China, Bangladesh, Pakistan, Cambodia and Vietnam have taken to beat the impact of recessionary trends worldwide, there could be a collateral damage to the Indian garment export industry.

In 2008-09, apparel export out of India were 14 per cent short of the 11.62 billion dollar target and leveled at 10.13 billion dollars, barely four per cent above 9.68 billion dollars in the previous year.

“China has made six corrections in duty refund rates in the past one year,” said Mr Vaid. “No such measure has come forth from our government.”

The downturn in garment exports started in August 2008 when retail orders from the United States, the European Union and elsewhere began to feel the impact of global

meltdown. In the 373 billion dollar clothing industry, India's share has fallen consistently over the years from 3.3 per cent to 2.8 per cent to 2.6 per cent in 2008-09.

The unit value realisations have also slipped in recent years. For example, the realisation for garments exported to the United States fell from 3.6 dollars per piece in 2007 to 3.4 dollars in 2008 to 3.3 dollars in January and February 2009.

To retain the current share of 2.6 per cent, India needs to export 18 billion dollars worth of garments annually which will require 2.7 million additional manpower and investment worth Rs 143,000 crore.

Mr Vaid called for a comprehensive and competitiveness enhancement strategy in the form of a stimulus package as Indian goods are over 20 per cent costlier than those supplied by some competing countries like China, Bangladesh, Vietnam, Cambodia, Indonesia and Sri Lanka. The higher cost is due to higher credit rates, wages for labour and transaction costs.

The Indian textiles and clothing sector contributes four per cent to the GDP, 14 per cent to industrial production and 12 per cent to foreign exchange earnings. It is the second largest employment generator after agriculture with direct employment of 33 million people and indirect employment of 55 million people. Of these, seven million are engaged in garment manufacturing – half of them for exports.

The AEPC represents over 8,000 small, medium and large exporters. The country ranks sixth among the top garment exporting countries globally.

Nearly 78 per cent of garments exported from India are cotton-based. The main products are ladies garments, blouses, skirts, T shirts and trousers.