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PRESS RELEASE

### **FTP measures not enough to boost exports, says AEPC**

New Delhi, Aug 27 -- The Apparel Export Promotion Council (AEPC) today said the Foreign Trade Policy for 2009-14 has measures which are much short of those required to boost exports in the current global economic scenario.

Duty-free scrips, which are currently worth two per cent of export values for the United States and the European Union, should have been increased to five per cent. Nor has the scheme been extended beyond September, said AEPC chairman Rakesh Vaid.

“This will cripple our export performance as over 70 per cent of Indian exports are to the European Union and the United States,” he said.

Also, the zero duty under Export Promotion Capital Goods Scheme for textile and apparel will not benefit small and medium exporters as it excludes current beneficiaries under the Technological Upgradation Fund Scheme and beneficiaries of the Status Holder Incentive Scheme in that particular year.

The addition of 26 new markets under Focus Market Scheme as announced in the policy may yield marginal results in the short run, said Mr Vaid.

The policy also increased cash assistance available under Focus Market Scheme from 2.5 to three per cent. At the same time, incentives available under the Focus Product Scheme have been raised from 1.25 to two per cent.

The Market Linked Focus Product Scheme has been expanded for synthetic textile fabrics, textile made-ups, knitted and crocheted fabrics if exports are made to 13 identified markets – Algeria, Egypt, Kenya, Nigeria, South Africa, Tanzania, Brazil, Mexico, Ukraine, Vietnam, Cambodia, Australia and New Zealand.

“These measures do not compensate 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 and Cambodia,” said the AEPC chairman. The higher cost is due to higher credit rates, wages for labour and transaction costs.

Mr Vaid said the council was hoping for a substantial boost as promised by minister for commerce and industry Anand Sharma. The textile and clothing industry is second largest employment generator after agriculture with direct employment of 33 million people and indirect employment of 55 million people.

At least half a million workers in Indian textile and apparel sector are jobless due to tumbling retail sales in the United States and the European Union since the global economic meltdown began a year ago. In 2008-09, garment exports from India were 13 per cent short of the 11.62 billion dollar target and totaled 10.17 billion dollars.

Mr Vaid said it is not yet clear how electronic trade projects will reduce transaction costs.