

Apparel exports down 7.3% in first half

Falling sales in global markets; plea to hike duty drawback

Our Bureau

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Garment exports from the country declined 7.3 per cent, to \$4.8 billion during the first half of the current fiscal (April to September) on the back of falling retail sales in global markets, against \$5.22 billion in the corresponding period of the 2008-09.

According to estimates of the Apparel Export Promotion Council (AEPC), this declining performance of the apparel segment, amid reports of an appreciating rupee, meant lower realisations for exporters.

In September, the country exported garments worth \$652 million compared with \$705 million in the corresponding period last year, showing a decline of 7.52 per cent.

There was a recovery of 1.97 per cent in August with the country exporting goods worth \$881 million (\$864 million).

But the months of April to July saw a continuous decline of 9.71 per cent, 11.59 per cent, 10.12 per cent and 6.62 per cent.

"Garment exports during 2009-10 will not cross the \$9-



The AEPC Chairman, Mr Rakesh Vaid

billion mark unless there is a dramatic recovery in coming months," said the AEPC Chairman, Mr Rakesh Vaid. In 2008-09, Indian apparel exports totalled \$10.17 billion compared with \$9.68 billion in the previous year.

The downturn in garment exports started in mid-2008 when retail orders from the European Union and the US crumbled due to the economic meltdown worldwide, causing widespread unemployment and changing consumer spending behaviour.

Mr Vaid said the Government's efforts to penetrate new markets of Latin America, the Middle East and the Oceanic countries will take a long time to yield results.

He said authorities must

immediately hike duty drawback rates ranging between 8 and 10 per cent to 13.25 per cent of the free-on-board (fob) value for cotton garments and a corresponding increase in blended and man-made fibre garments.

COST DISABILITY

Because of the cost disability factor, Indian exports are fast becoming uncompetitive vis-à-vis products of neighbours.

"China has been able to offer much better prices since it has increased drawback refunds many times in the past one year from 11 per cent to 17 per cent," Mr Vaid said. Competition is equally bruising from Bangladesh, Sri Lanka, Vietnam, Cambodia and Indonesia, he added.

In the \$373-billion global clothing industry, India's share has fallen to 2.6 per cent from 3.3 per cent until a few years ago.

To retain the current share of 2.6 per cent, the country needs to export \$18 billion worth of clothes annually which will require 2.7 million additional manpower and investments of \$30 billion, AEPC said.