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PRESS RELEASE

No incentives for apparel export sector: AEPC

New Delhi, Jan 13 – The Apparel Export Promotion Council (AEPC) said today the government's announcement to give incentives worth Rs 500 crore for exporters contains no measures for the garment export sector which has seen significant downturn due to global economic recession.

According to AEPC estimates, apparel exports out of India totalled 6.17 billion dollars in April to December 2009-10, down 7.07 per cent from 6.64 billion dollars in the same period of last fiscal year.

"We have been urging the government for two per cent of export values to the United States and the European Union in the form of duty scrips," said AEPC chairman Premal Udani. The scheme was discontinued in September last year.

Yesterday, commerce minister Anand Sharma said the government will offer about Rs 500 crore as incentives to exporters till this fiscal-end to push exports of 2,000 products – especially to markets in Japan and China.

The incentives under Market Linked Focus Products Scheme are for labour-intensive sectors such as hand tools, plastics, rubber, handicrafts, machinery and engineering goods, chemicals, auto components, woven fabrics of cotton and iron and steel. They will cover about 2,000 products.

Mr Udani also called for reduction in import duty on machinery used in textile and apparel manufacturing to be reduced from 7.5 to 10 per cent at present to 3 to 5 per cent. "This will expand our manufacturing capacities and make the industry globally competitive."

He said the industry was hopeful of similar incentives for speciality fabrics to boost value-added exports.

At the same time, there should be capacity building for complying with various new legislations like the EU-backed REACH (Registration, Evaluation, Authorisation and Restriction of Chemical Substances). "The government should support the industry in facing new labour laws and non-tariff barriers besides helping the industry to meet new compliance-linked environment initiatives," said Mr Udani.

The apparel export industry provides employment to 3.5 million workers directly and another 3 million indirectly.

The AEPC represents about 8,000 small, medium and large garment exporters. India exports garments worth 10 billion dollars annually and ranks as the fifth largest exporter in the world.