

## INDIAN APPAREL INDUSTRY TO GO ON A NATIONWIDE PROTEST AGAINST THE INCREASING COTTON YARN PRICES

- ✓ The entire apparel industry to keep its operations shut on Friday, November 19, 2010
- ✓ The domestic industry to ask for the Government intervention to ban cotton yarn exports immediately to ensure the availability of cotton yarn and reduction of yarn prices
- ✓ Because of cotton yarn exports, there is a serious problem of cotton yarn availability in the domestic market
- ✓ Increasing apparel product prices are hitting hard to the 'Common Man'

Mumbai, November 16, 2010: The Indian Apparel Industry is observing a nationwide agitation on Friday, November 19, 2010 in protest of continuously rising cotton yarn prices, which has made taking new orders unsustainable. On Friday, November 19, 2010, the entire Apparel Industry - from North to South and from East to West - will keep its operations shut.

The apex body of the industry - Apparel Export Promotion Council (AEPC) - has called for this nationwide protest. All across the country, the AEPC Committee members and its various regional representatives will meet respective State Government Officials and District Collectors for registering their protest against increasing cotton yarn prices and put their demands for seeking the Government intervention into the issue.

The Indian Apparel Industry, which is the largest employment provider after agriculture and a home for around six million employees (50% of which are women), has been reeling under pressure of late, in the wake of steep rise in cotton yarn prices - the basic raw material for apparel making.

As is seen, cotton yarn prices (40s Combed Hosiery Yarn Price) which were in the region of Rs 185/kg in August 2010 have now touched an all time high of over Rs 240/kg - an increase of Rs 55/kg in two months. With such a trend, the cotton yarn prices have increased by 70% to 82% in the last 16 months. As a result, fabric prices have also shot up by 38% to 90% for various counts, consequently leading to rise in final apparel products. With global apparel prices stagnant, the apparel exporters have been the worst hit, as the increase in prices cannot be passed on.

As is observed by the apparel industry, every day, the textile mills have been increasing the yarn prices by Rs 15/kg to Rs 20/kg. It is important to note that the

rise in yarn prices are higher than the rise in cotton prices. Also, availability has been hit. The scenario is equally hampering the common man. (For instance, a *Lungi* - one of the commonly used garment of a common man - that was costing Rs 50 two months ago is now costing Rs 85)

Further, continued exports of scarce raw material are only helping competitors grow their business rendering non-availability of home advantage to apparel exporters. The apparel industry is also on the verge of seeing job cuts, if this situation persists. In a garment manufacturing hub of Tirupur in Tamil Nadu, out of the total functioning units, about 20% of knitwear garment exporting units have been closed and many other units are on their way of closure because of this grave situation. Most of the workforce that has lost their jobs is women.

Against the backdrop, the AEPC seeks an immediate intervention by the Textile Ministry and take necessary controlling steps. Said Mr Premal Udani, Chairman of AEPC, "The future of the whole Indian apparel industry is at stake. As an immediate step, we seek rationalization of cotton yarn prices through calibrated exports and other measures. Exports should be limited to surplus, and there should be a ban cotton yarn export till the yarn supply is restored back to normalcy."

Adding further, he said, "India exports 40% of cotton yarn to Bangladesh and 60% of cotton yarn to China. Export of cotton yarn is only helping our competitors like China and Bangladesh grow and not the domestic garment manufacturers. When there is a big opportunity for cotton yarn in the domestic market, we cannot ignore the element of the home advantage. We expect prioritized support from the Government based on value addition and employability."

About AEPC:

Incorporated in 1978, Apparel Export Promotion Council (AEPC) is the official body of garment exporters that provides invaluable assistance to Indian exporters as well as importers/international buyers who choose India as their preferred sourcing destination for garments. With 40 offices and 8,000 small, medium and large garment exporters across India, AEPC today has grown to become the most powerful association for promotion and facilitation of garment manufacturing and exports. With an objective of building a strong ground for the Indian exporters, AEPC is committed to provide various platforms to Indian exporters which would help in achieving growth of garment exports.

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