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PRESS RELEASE

**AEPC hails decision to withdraw sops for export of cotton, yarn**

New Delhi, Apr 8 – The Apparel Export Promotion Council (AEPC) said today the government's decision to suspend sops for export of raw cotton and cotton yarn will have a sobering impact on booming fabric prices.

"We appreciate the efforts made by union textile minister Dayanidhi Maran in this regard," said AEPC chairman Premal Udani. He said the government's move to suspend duty concession of 7.5 per cent for cotton yarn exports under the Duty Entitlement Pass Book (DEPB) scheme will bring down fabric prices to realistic levels.

The prices of cotton yarn and consequently fabrics jumped nearly 50 per cent in the past five months, said Mr Udani. The price of cotton voile fabric – the most commonly used for exports of garments – has moved up to Rs 33 per metre currently from Rs 22 per metre in November last year. Nearly one-third of garment production cost is on account of fabrics.

With Asian yarn prices hardening, countries like China and Pakistan have already taken corrective steps to cap exports of yarn.

The AEPC chairman also welcomed the government's decision to ban cotton exports in case stocks do not exceed 50 lakh bales in the coming cotton season. The step will also benefit the domestic spinning industry, he said.

The government has also decided to impose prohibitive tax on exports of raw cotton and cotton yarn.

Mr Udani said the apparel export industry suffered over 13 per cent de-growth during April to February 2009-10 due to weak demand from western markets and rising input costs of Indian exporters.