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## **PRESS RELEASE**

### **AEPC disappointed with new economic stimulus package**

New Delhi, Dec 7 -- The Apparel Export Promotion Council (AEPC) today said it is disappointed by the government's new economic stimulus package. "The package is a step in the right direction but more concrete measures need to be taken to reverse the downturn in exports of readymade garments and avoid further job losses in the sector," said AEPC chairman Rakesh Vaid.

"We were expecting an increase in duty drawback rates, but there is no mention of it in the package. We have also been demanding income tax exemption for five years to offset the huge losses piling up, but there has been no response."

Mr Vaid said the allocation of Rs 1,400 crore for textile upgradation fund is what the government owes to the industry. "The allocation which has been pending for many years is for payment of arrears and there is nothing new in it."

On two per cent interest subvention for exporters upto March 2009, Mr Vaid said the move will benefit the sector marginally. The AEPC has been demanding interest-free loans for investment in machinery with zero-duty import of capital goods scheme, lower fringe benefit tax as applicable to the information technology sector and a stable exchange rate.

Mr Vaid said exports of readymade garments in the current fiscal year (2008-09) are likely to fall 24 per cent short of the 11.62 billion dollar target and may total up to 8.78 billion dollars.

In 07-08, India exported garments worth 9.69 billion dollars, over nine per cent than in the previous year. But the current financial meltdown in the United States and Europe is impacting the Indian industry heavily with lakhs of workers being laid off their jobs.

In September, the government cut duty drawback rates for cotton apparel from 11 per cent to 8.8 per cent, for blended apparel from 11.2 per cent to 9.8 per cent and for synthetic apparel from 11.5 per cent to 10.5 per cent. Mr Vaid demanded 14.65 per cent duty drawback rate for readymade garments from September 1.

He said further steps need to be taken to sustain annual economic expansion at a rate that will ensure job creation and keep pace with India's young and fast-growing workforce.

The AEPC represents over 8,000 small, medium and large exporters in India. Apparel exports contribute four per cent to the gross domestic product (GDP) and 16 per cent to the country's total exports.

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