



P R E S S R E L E A S E

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AEPC favours a stable rupee-dollar exchange rate

New Delhi, Oct 23 – With the rupee hitting an all-time low against US dollar, the Apparel Export Promotion Council (AEPC) today said it favours a stable exchange rate rather than wild fluctuations.

“Garment exporters are facing a triple whammy in these tough times,” said AEPC chairman Rakesh Vaid.

Overseas buyers also know the rupee-dollar exchange rate and thus negotiate orders taking a tough position with hardening of dollar, he said. With inflation hovering above 11 per cent, input costs for garment exporters are rising fast.

“The slowdown in economies of the European Union and the United States following the financial meltdown means there will be fewer orders,” said Mr Vaid.

Garment exports from India totaled 9.2 billion dollars last year. The AEPC estimates that apparel exports could decline by 10 per cent in 2008 following reduced spending by consumers in developed countries.

The rupee is at an all-time low and macro-economic managers face a rising outflow of foreign funds and a yawning trade deficit. The government says that

depreciation of the rupee is mainly due to higher outflow of foreign institutional investors (FIIs), increased demand of dollars for crude oil imports and appreciation of US dollar against major currencies.

The rupee started depreciating during March this year. After trading in a range of Rs 39.89 to 40.02 to a dollar for several weeks, the rupee broke above the value of Rs 40 per dollar in the last week of April and has depreciated continuously thereafter.

“A falling rupee also means that imports will cost more,” said Mr Vaid, adding the impact of current financial crisis cannot be estimated at present. India is the fifth largest exporter of readymade garments worldwide.

The AEPC is a nodal agency of the textiles ministry and has more than 8,000 members.

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