

Garment exports from India fall 7.3 per cent in first half of current fiscal year

New Delhi, Nov 3 -- Falling retail sales in global markets pulled garment exports out of India by 7.32 per cent to 4.84 billion dollars during April to September this year, figures released today showed.

In the same period of 2008-09, clothing worth 5.22 billion dollars was exported, according to estimates by the Apparel Export Promotion Council (AEPC). The data came amid reports of appreciating value of Indian rupee which means less realisation for exporters.

In September 2009, the country exported garments worth 652 million dollars compared to 705 million dollars in the same month of last year. That marked a decline of 7.52 per cent.

There was a tiny recovery of 1.97 per cent in August this year with the country exporting goods worth 881 million dollars compared to 864 million dollars in August 2008.

But the months of April to July saw a continuous decline of 9.71 per cent, 11.59 per cent, 10.12 per cent and 6.62 per cent.

The opening month of current fiscal year recorded garment exports worth 800 million dollars (compared to 886 million dollars in April 2008) which dipped to 763 million dollars in May (compared to 863 million dollars last year).

The negative trend continued in June when the country exported apparel worth 870 million dollars (968 million dollars) and in July 874 million dollars (936 million dollars).

"Garment exports during 2009-10 will not cross the nine billion dollar mark unless there is a dramatic recovery in coming months," said AEPC chairman Rakesh Vaid. In 2008-09, Indian apparel exports totalled 10.17 billion dollars compared to 9.68 billion dollars in the previous year.

The downturn in garment exports started in mid-2008 when retail orders from the European Union and the United States crumbled due to the most crushing economic meltdown worldwide since 1930s, causing widespread unemployment and changing consumer spending behaviour.

Despite some recent rosy reports, many economists say the recovery will be painfully slow.

Mr Vaid said the government's efforts to penetrate new markets of Latin America, the Middle East and the Oceanic countries will take a long time to yield results.

He said authorities must immediately hike duty drawback rates ranging between 8 and 10 per cent to 13.25 per cent of the FoB value for cotton garments and a corresponding increase in blended and manmade fibre garments.

Because of the cost disability factor, Indian exports are fast becoming uncompetitive due to competition from neighbouring Asian countries. "China has been able to offer much better prices since

it has increased drawback refunds many times in the past one year from 11 to 17 per cent," said Mr Vaid.

Competition is equally bruising from Bangladesh, Sri Lanka, Vietnam, Cambodia and Indonesia, he added.

In the 373 billion dollar global clothing industry, India's share has fallen to 2.6 per cent from 3.3 per cent until a few years ago. To retain the current share of 2.6 per cent, the country needs to export 18 billion dollars worth of clothes annually which will require 2.7 million additional manpower and investments of 30 billion dollars.