# AEPC Vision 2015 for the Apparel Sector

**<u>Global Scenario</u>**

The world apparel market was worth US$ 345 bn in 2007. The market has grown at a rate of 8% during this decade. However, post quota the rate of growth has increased and for the last two years it has grown at a rate of 12%. There are two possibilities of growth from here on :

First, *the high growth scenario with average annual growth rate of* ***12%*** - In this case, growth trajectory remains same, at 12%. This could be because of supply side push of low cost apparel from China, Bangladesh, Vietnam and other emerging suppliers. Under this scenario, world apparel exports would be worth US$ 854 bn by 2015.

Second, a moderate *growth scenario with average annual growth rate of* ***8%*** - Moderation due to recession in 2008 & 2009 as also possibility of market saturation can result in growth of 8%. Under this scenario, world apparel exports would be worth US$ 640 bn by 2015.

Thirdly, low growth scenario with average annual growth rate of **6%** - In this case, under this scenario, world apparel exports would be worth US$ 550 bn by 2015.


*However, with the impact of recession likely to stay till 2010 and maturing markets worldwide, the expected growth scenario is moderate, with 6% to 8% growth during the period 2009 to 2015.*

The **present status** of the world apparel market is as follows:

| Global Apparel Trade : India vis-à-vis competitors in 2007 | | | |
|---|---|---|---|
| | Trade in US$ Bn | Avg Growth rate | % Share |
| **World** | 345 | 12 | 100 |
| **Bangladesh** | 10.6 | 10 | 2.9 |
| **India** | 9.7 | 7 | 2.8 |
| **Vietnam** | 7.2 | 29 | 2.1 |

*(Source: WTO Data for Global Apparel Trade in 2007)*

**With the *moderate growth* in world market, the likely scenario in 2015 will be as follows:**

| Global Apparel Trade : India vis-à-vis competitors in 2015 | | | |
|---|---|---|---|
| | Trade in US$ Bn | Avg Growth rate | % Share |
| **World** | 640 | 8 | 100 |
| **Bangladesh** | 26 | 12 | 4 |
| **India** | 18 | 10 | 2.8 |
| **Vietnam** | 32 | 20 | 5 |

This scenario is based on the present growth trends prevailing in the above listed countries including India.

At present it is ranked sixth, after China, EU, Hong Kong, Turkey and Bangladesh. With exports of US$ 18 bn, India is likely to fall behind Vietnam, Indonesia and Mexico and rank ninth in the world!

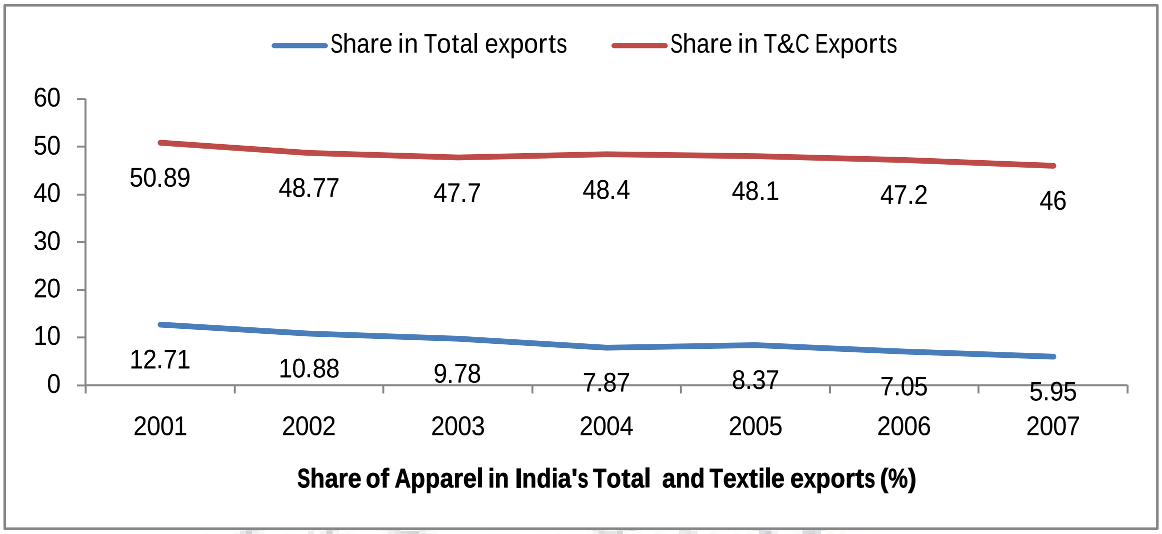
***This shows India will slip to the ninth position by 2015, if the present rate of growth is retained!***

**Action Plan for India - *What should India's target be?***

**The considerations for target fixation are:**

1) **Increasing share in textile export basket** - From present 45%, the share of apparel would increase to over 60%. This will be in line with value added growth policy entailed in the working group report of the plan document for the T&C sector. At present the reverse

trend is prevailing with share of apparel in T&C basket declining consistently over the years, as shown in the graph below.




**2) Increasing Share in India's total export basket**

Share of apparel in India's total export basket has also recorded steep decline during this decade. As shown in graph above, it has declined from 12% share in 2001-02, to 6% in 2007-08.

**3) Servicing growing domestic market –** As per the latest Survey of Household Consumption levels in India, the per capita consumption of textiles for the year 2007 was 22.41 metres, a growth of 4.28 %. Average spending on textiles & clothing increased by 6.99 percent. In value terms, the size of the Indian textile market was Rs. 1692952 million in 2007,a growth of 8.81%. The CAGR for the period 2008 to 2015 is expected to be atleast 10%. This means that the domestic market would be worth around Rs 3650000 mn. It is presumed that 55% of this is apparel and the rest is textiles. Given that presumption, domestic apparel market would be worth Rs 2007500 mn.

Domestic market is presently serviced 90% by domestic manufacture. But with increasing FTA's and cheaper imports, imports may increase. Should target **retaining 90% share in domestic market**.

4) **Feasibility** – Target needs to be in tune with the expansion possibilities of man, capital and infrastructure. The past export trends of India, global demand trends and industry feedback, etc have to be considered.

**Vision Formulation:**

India's share in world apparel exports has presently taken a dip from 3.3% to 2.8% in 2007. In 2008 exports from India was worth US$ 9.8 bn. Ideally, India should increase its share to 6%. This would mean US$ 51 bn under high growth scenario (CAGR of 26.57%), US$ 38 bn under moderate growth scenario (CAGR of 21.36%) and US$ 33 bn under low growth scenario (CAGR of 19.11%).

| | | **Target Exports (US$ Bn) in 2015** | | | **Target growth rate (CAGR) in 2015** | | |
|---|---|---|---|---|---|---|---|
| | | High Growth Scenario | Moderate Growth Scenario | Low Growth Scenario | High Growth Scenario | Moderate Growth Scenario | Low Growth Scenario |
| **Strategy 1** | Sustenance of 2.8% share | US$ 24bn | US$ 18 bn | US$ 15.4 bn | 13.65% | 9.07% | 6.82% |
| **Strategy 2** | Growth to 6% share | US$ 51 bn | US$ 38 bn | US$ 33 bn | 26.57% | 21.36% | 19.11% |

Notes:

*1 – High Growth Scenario - Assuming world market grows at 12%

*2 – Moderate Growth Scenario - Assuming world market grows at 8%

*3 – Low Growth Scenario - Assuming world market grows at 6%

*4 – CAGR for 7 year period from 2009 to 2015

## The Vision

Although low growth scenario of 6% annual growth rate is likely for the next 2 years, AEPC vision is based on sustained growth of top five apparel suppliers. Based on the past export trends of India and feasibility study and assuming that the world apparel market grows moderately at 8%, AEPC fixed the target for apparel exports by 2015 at US$ 34 bn. So the vision is:

- To attain **exports worth US$ 34 bn by 2015**
- To grow at **18% average growth rate for the period 2009 to 2015**
- Have **at least 5.3% share in global apparel market by 2015**
- Have **60% share in India's textile exports – ensure value added growth**
- Should **retain 90% of the domestic market** which is growing at the rate of 10%

## 5) Requirement

In **2008**, India's apparel market was:
Exports - 2100 Mn pcs (Projected from DGCI&S data)
Domestic – 6800 Mn pcs (projected from Plan document / Household Survey)
Total – 8900 Mn pcs

In **2015**, the market to expand to:
Exports – 9000 Mn pcs: Growing at CAGR of 18%, as per target set above
Domestic – 8250 Mn pcs: Growing at 10% (as estimated from textile commissions Survey and applicable conversion rates)
Total – 17250 Mn pcs

*So production needs to be increased by 8350 Mn pcs, nearly as much as the present capacity.*

**Achieving the vision targets would call for doubling of existing production base**

| Particular | Units | FY 2008 | FY 2015 |
|---|---|---|---|
| **Yarn production** | bn kg | 5.5 | 11 |
| **Fabric production** | bn sq mtrs | 56.0 | 110 |
| **Garments production** | bn pieces | 8.9 | 17.25 |

*Source: AEPC Estimates, Textile Commissioner's office, plan document*

1) **Machinery requirement –** The target of US$ 34 bn by 2015 would require many fold increase in the capacities.

Investment requirement for doubling of capacity in garmenting:

| Garmenting | Units | |
|---|---|---|
| **Number of pieces in 2015** | bn pieces | 17.2 |
| **Number of pieces in 2008** | bn pieces | 8.9 |
| **Additional pieces required by 2015** | bn pieces | 8.3 |
| **Number of pieces per day per machine** | pieces | 15 |
| **Number of working days in a year** | days | 300 |
| **Number pieces per year per machine** | pieces / year | 4,500 |
| **Number of machines required** | no | 1,844,444 |
| **Capital cost of new machine** | Rs lakhs | 1.0 |
| **% of second hand machines** | % | 0% |
| Investment required | **Rs Cr** | **19000** |

Besides garmenting, the downstream activities would also require significant increase in investment. As per estimates available from other studies the total investment requirement is as follows:

| Sub-Sector | Estimates of potential for 2015<br>Rs. crores |
|---|---|
| **Spinning** | **40,000** |
| **Weaving** | **32,000** |
| **Knitting** | **4,000** |
| **Processing** | **48,000** |
| **Garmenting** | **19,000** |
| Total | 143 000 |

*Source: Projected from CRISIL estimates. Crisil estimates were based on a targeted 7% share in world market. Since AEPC feasibility study proposes a target of 5.3% of the world market, the estimates have been accordingly deflated.*

At present India does not have any domestic production centres for sewing machines or machines for allied activities. The agenda for capacity building in machinery should not only include expansion and modernization of apparel machines, but also textile machines. Estimates for an even higher export target needs to be worked out, based on the action plan for expansion and the product areas where India's presence should increase.

**2) Manpower requirement** – As estimated above, an investment of Rs 1410 bn and an additional 1.1 mn machines would be required by Indian firms.

- Number of machines required – 1.84 mn
- Persons required per machine – 1.5 appx
- Incremental manpower requirement for additional capacities – 27.00 lakh

The profile wise breakup of this incremental manpower requirement is as follows :

## Expected Man Power Requirement in Garment Sector (2015)

| S.No | Category | Manpower requirement for additional capacity for 2010-2011 (in Lakhs) |
|---|---|---|
| | Sewing Machines in Lakhs | 18.44 |
| 1 | Operatives | 26.42 |
| 2 | Jobbers | 0.26 |
| 3 | Pattern Makers | 0.13 |
| 4 | Technicians / Quality Controller | 0.13 |
| 5 | Owners / Managers | 0.07 |
| | **Total** (1,2,3,4,5) | 27.00 |

*(Projected from Report on Human Resources in the Textiles Sector, Ministry of Textiles, Govt. Of India )*

***The real bottleneck to growth is going to be availability of skilled manpower*.**

**3) Technology gap** – The technology level of basic CMT operations in India is adequate. However, the presence of design studios, and software required thereof is low. More design and innovation related activity needs to be encouraged. The revised TUFs scheme encourages such investment.

**4) Product diversification gap**- A comparison of the present product coverage of India and China in one of the biggest global market, the USA shows that of the 104 apparel items imported by USA, China has presence in 102 items, i.e. 98% of the import basket of USA, while India's Presence is in 66 items, i.e. 63% of the market. Also, 80% of India's exports come from 12 of these MFA categories while 80% of China's exports come from 34 of these MFA categories. It has been found that 38 RMG categories and 37% of the US market is still to be tapped by India.

The performance of India in the US market is good indicator of the gap between the fastest moving categories, and India's share in these. India has a good share in the top three categories, namely, women's knitted blouses, women's slacks and men's knitted shirts. In some of the other categories, like other man made fiber apparel and cotton underwear , which are the 5th and 6th largest imported items, India is picking up well. However, there are segments like coats and men's trousers, where India's growth rate is far behind the demand growth.

Important categories where India has insignificant share:

| Cat | Product | Total Imports by US in 2008 | Change | Imports from India in 2008 | Change | % Share |
|---|---|---|---|---|---|---|
| 223 | Non-Woven Fabr | 818.102 | -3.73 | 6.634 | 541.76 | 0.81 |
| 225 | Blue Denim Fab | 104.58 | -22.29 | Neg | | 0 |
| 345 | Cotton Sweater | 862.913 | -4.89 | 4.495 | -53.43 | 0.52 |
| 435 | W/G Coats, Woo | 696.962 | 2.66 | 9.808 | -9.52 | 1.41 |
| 436 | Wool Dresses | 129.335 | 15.54 | 0.698 | 68.48 | 0.54 |
| 438 | K Shirts,Blous | 390.055 | 9.1 | 0.547 | 61.12 | 0.14 |
| 439 | Babies' garmen | 5.18 | -2.21 | 0.132 | -32.41 | 1.19 |
| 444 | Wool Suits,W/G | 28.677 | -15.53 | Neg | | 0 |
| 634 | Other Coats, M | 1402.416 | -5.23 | 1.687 | -65.77 | 0.12 |
| 635 | Coats, W/G | 1621.587 | -2.18 | 9.581 | -32.05 | 0.59 |
| 638 | Knit Shirts, M | 1720.294 | 1.82 | 6.05 | 4.38 | 0.35 |
| 639 | Knit Blouses,W | 2461.279 | -0.04 | 36.595 | 5.49 | 1.49 |
| 640 | N-K Shirts, MB | 425.014 | -20.85 | 7.354 | -28.25 | 1.73 |
| 643 | MMF Suits, M/B | 62.862 | -14.28 | 0.427 | 33.04 | 0.68 |
| 644 | MMF W/G Suits | 171.926 | -18.75 | 0.208 | -39.62 | 0.12 |
| 645 | MMF M/B Sweate | 24.131 | -38.24 | 0.318 | -32.22 | 1.32 |
| 646 | MMF Sweaters,W | 329.037 | -16.86 | 20.566 | -14.41 | 1.21 |
| 647 | Trousers,etc M | 1701.387 | -8.43 | 21.194 | 12.8 | 1.36 |
| 648 | Slacks,etc. WG | 1558.735 | -5.68 | 32.191 | -26.94 | 1.88 |
| 649 | Bras/Ot Bod Su | 1714.339 | -1.33 | 0.921 | 98.18 | 0.31 |
| 650 | Dress Gown,Rob | 293.76 | -9.87 | 1.156 | -40.89 | 0.21 |
| 651 | Nightwear/PJs | 555.758 | 0.74 | 2.147 | -34.09 | 0.31 |

Source: OTEXA

Besides diversifying in the existing traditionally traded products, India should make some headway in the areas of performance apparel, nano technology, specialized industrial and medical wear, etc.

The Knitwear Technology Mission is working on this. *A similar program for performance apparel may also be initiated on Mission Mode.*

5 ) **Market Diversification** - The major markets for clothing have been similar for the last few years, with US, EU, Japan, Hong Kong and Russia having a significant share of the total RMG imports. However, in terms of growth rate, LAC countries like Brazil (43%), Columbia (36%), Chile (26%), Argentina (23%) ; GCC countries like Qatar (56%), Kuwait (29%) ; and Asian countries like Turkey (203%) , Korea (29%), Thailand (29%), Malaysia (27%), Singapore (17%) , and some other emerging economies grew much faster than the traditionally large destinations

Looking at the trends of the major exporters shows that world RMG exports grew by 12% in 2006. India was fifth largest exporter with a growth rate of 10.63% and a share of 3.27%. However, India's growth rate for RMG exports was far below that of China (28.62%) or other Asian countries like Cambodia (22%), Singapore (16.99%), Indonesia (14.93%), Malaysia (14.68%) or Philippines (13.84%). India's growth rate has been lower than some of our Asian neighbors. Also, trends for India's overall exports to major destinations and share of RMG in it shows that RMG accounts for less than 1% share in most cases, while share of RMG in total exports in over 7%.

Thus, there is a significant divergence in India's major markets for overall trade and markets for RMG trade.

Some countries have been identified for market diversification action plan, based on the following:

- Domestic apparel industry (If it caters to products varying significantly from India's product range)
- Proximity to important apparel markets

- Proximity to India (our neighbors are the most assessable markets, due to geographical proximities also cultural similarities)
- Overall growth of imports in that country and share of apparel in that
- India's overall exports to that country and share of apparel in that
- GDP growth rates (Emerging economies with high growth rates are important markets for tomorrow)
- Per capita incomes (Increasing per capita incomes increases demand for high value products/ branded products – if India can cater to this segment, there is a growing market in emerging economies)

Some of these countries are:

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|---|---|---|---|---|---|---|---|
| | GDP (PPP) 2007est.) US $ Billion | GDP (per capita) (2007 est.) USD | RMG import of country US million | % growth RMG | Export of RMG from India 2007-08 (US $ million | % share of RMG in total export to country | % growth |
| Japan | 4417 | 33800 | 23999 | 0.54 | 95.8 | 0.98 | -13.85 |
| Korea, republic of | 1206 | 24600 | 4318 | 15.33 | 4.92 | 0.05 | 1.86 |
| Russian Federation | 2076 | 14600 | 14505 | 79.01 | 9.08 | 0.09 | 31.79 |
| China | 7043 | 5300 | 1976 | 14.62 | 4.56 | 0.05 | 49.51 |
| UAE | 145.8 | 55200 | 5010 | 63.99 | 919.2 | 9.48 | 33.42 |
| Turkey | 667.7 | 9400 | 1463 | 33.24 | 37.62 | 0.39 | 48.23 |
| Brazil | 1838 | 9700 | 616 | 39.37 | 2.48 | 0.03 | 110.17 |

Source: Column 1 & 2-CIA, fact sheet.

Column 3 & 4 - WTO Data

Column 5-9 DGCI&S, Kolkata

Besides this, a study done by AEPC & Technopack suggests Germany and Italy as good markets

6. **Raw Materials gap -** With the Technology Mission on Cotton launched in 2000 and the extension activities of industry bodies and individual mills, the availability and quality of cotton have improved significantly and the country is expected to remain self sufficient in cotton at least in the immediate future. However, man-made fibres and filaments, which account for about 60% of fibre consumption internationally, have a share of less than 40% in our fibre consumption. In order to remedy this mismatch and improve the consumption of man-made fibres in the country, it is necessary to make our fibres competitive in terms of cost.

7. **Flexibility in labour laws needed–** Given the seasonal nature of the industry, the labour laws need to be tailored for flexible production schedules**.** Government needs to consider the demand of labour intensive sections like garmenting to amend the Factories Act, 1948 to permit increase in the weekly working hours limit from 48 to 60 hours and the daily working hours limit from 8 to 12 hours, subject to adequate compensation, in order to cater to peak season requirements of customers as well as to compensate for lower labour productivity.

   Another important relaxation required is in permitting contract labour. Section 10 of the Contract Labour (Regulation and Abolition) Act, 1970 should be amended. It should exclude apparel units from the purview of the Act, provided the units so exempted provide the contract labourers employment for a fixed tenure as well as protection of the rights of these labourers in terms of their health, safety, welfare, social security, etc. China, Bangladesh and Sri Lanka have allowed contract labour in this sector

   Units employing over 100 people currently fall under the purview of Industrial Disputes Act. The Act stipulates that employers must obtain necessary approvals to effect lay-offs. This proves to be a hindrance especially for small and medium enterprises.

8. **TUFS -** Technology Upgradation Fund Scheme (TUFS), launched in April 1999 has proved to be very effective in encouraging investments for modernization and capacity building, especially in the spinning and weaving sector. It has been extended to the eleventh plan period, with special emphasis on the garment sector and the R&D expenditure involved in the apparel design.

However, share of apparel in project funded through TUFs scheme is a nominal 4%, as against 30% for spinning, 255 for composite upgradation and 14% for weaving. The main constraints to higher utilizations , as sited by industry representatives, is long delays in disbursements of funds. *AEPC can have some strategic arrangement with Financial institutions for better monitoring and reduction of time and procedural hassles in using TUFs scheme.*

9. **Branding**

A higher growth trajectory of 11% cannot be achieved by only an accelerated growth in the existing value chain. New product lines as also ideas and services have to be rendered to the global clients to improve our value realizations. Branded ready to ware clothing presently have a 24% share in the garment market in India, while unbranded garments have around 50% market share. The remaining is catered to by tailor made garments. Branded clothing needs to be promoted so that it constitutes 50% of the market at least by 2012.

One of the most important steps towards this could be Brand Development for Indian T&C Industry, specially garments. It is estimated that the final retail value of an apparel product sold to the consumer in export markets is 5 to 10 times higher than the ex-factory price of the product, depending upon various factors. The Indian apparel export industry is not in a position to realize higher unit values in the export market since the exporters are essentially suppliers to the global brands. As a result, the country is losing significant amount of export earnings.

Brand development, therefore, will deepen the market share and acceptability of Indian apparel thereby leading to increased export earnings. However, brand promotion is not only an expensive proposition but also requires very carefully designed multi-stakeholder strategy, on a sustainable basis. Indian industry, by virtue of being SME, fragmented and decentralized, is not in a position to design and launch brand promotion efforts on its own. Therefore, a Public-Private Partnership (PPP) approach is the appropriate strategy to develop globally acceptable Indian textile and apparel brands.

**10. Foreign Direct Investment (FDI)**

At present the share of apparel in the FDI inflows in to India is less than 1%. India has a destination been ranked as an attractive destination for investment by agencies like A T Kearney. However apparel as a sector has not been able to attract a significant share of this. In addition, to various segments of the textile and clothing industry, we need FDI also in our machinery industry. The desirability of FDI is not restricted to boosting investment levels but also for effecting technology transfer, which will be concomitant with portfolio investment. This is crucial, given the low levels of technology, specially in the weaving and processing sector, which has restricted productivity enhancement.

**11. Leveraging carbon credits** – Apparel industry is considered an environmental friendly industry due to its low emission levels. The industry can leverage the carbon credits saved in this industry and trade them in the world market. In fact, it can be a new source of revenue for our industry, This can be leveraged for better policy support also.

Countries like Hong Kong have already started work on Low Carbon Manufacturing Program, which aims to build a common standard for carbon footprint calculation for the

T&A industry. From carbon accounting to carbon benchmarking and carbon labeling, it aims to reach the stage of carbon trading under a carbon footprint project. It will use the footprint standard to measure progress and evolve the system into carbon labeling for clothing as well as carbon trading for energy efficient manufacturing in the supply chain.

Being one of the few countries with an integrated supply chain in place, India should proactively work towards a sustainable supply chain to gain maximum benefit from this concept, which is fast picking up world wide. Cotton waste recycling certification , low carbon manufacturing programme, carbon accounting in factories, carbon footprint calculation project, benchmarking energy consumption across the T&A supply chain are some issues that need to be done on PPP mode.

## 12. Poor Infrastructure – has apparel parks been some solution?

An overall comparison of the infrastructure facilities made by the World Competitiveness Report ranks India 54th among 60 countries surveyed. Most of the other Asian countries who are alternative sourcing destinations for T& C products like China, Malaysia, Hong Kong and Indonesia have much better raking and facilities to offer to the domestic manufacturers. Power sector in the country has problems of availability, quality and cost which need to be addressed through concessions in fiscal duties on inputs for captive power generation.

Poor port facilities add to lead times. The maximum average vessel size that an Indian port can handle is 50,000 DWT, while a port in Singapore can handle vessel sizes of 150,000 DWT. At present only one port at Mundra has facility for berthing mother vessels. More such ports where mother vessels can berth need to be developed on a war footing.

In terms of domestic transport facility, NHAI projects have rendered some better roads. But development of better roads needs to be supplemented by free movement of trucks, without the present delay at each State border.

Many of these problems are at a macro level. However the issue of good and cheap power, water, labour, etc can be addressed through the SITP and Apparel Park Schemes. However, the present occupancy in these are low. What further needs to be done to increase occupancy of these Parks and mitigate the cost disadvantages due to poor infrastructure and higher input costs.

13. **Institutionalizing CSR initiatives of the industry –** The call for better compliance levels in the factories and across the supply chain is going to increase over the years. The two important The apparel industry should formalize a self accreditation, in the lines of “Rugmark”.

    Action plan for such an accreditation and manualising “Uniform Compliance Code”, based on the rule of the land and any other major stipulations of important markets, may be developed for addressing this issue.

14. **Revisiting Policy Support requirements -**

    In the light of the above requirements or proposed initiatives to be taken by AEPC / Apparel industry, request for policy support may be reiterated in the following areas:

    **Export credit** – Continuation of interest rate subvention

    **Interest on disbursement delays –** Delays up to one year are common in disbursing DEPB, Drawback, Terminal Excise Duty, excise duty rebates, TUFs assistance etc. Interest may be paid at suitable rate for delay of reimbursements under such schemes beyond one month. Bank should consider these as permissible bank finance.

    **State Levies -** The incidence of State levies on T&C industry is around 6% on average. Reimburse as Drawback or through Duty Free Scrips.

**Duty Drawback -** The coverage for determination of duty drawback rates should ensure full reimbursement of all excise duties, custom duties, services tax, education cess and various state level taxes. The draw back rates should be revised proportionately.

**Income Tax**

To restore 100% exemption for export earning under Section 80HHC of Income Tax Act.

**Service Tax**

The relief from the Service Tax to the exporter should be in the form of direct exemption rather than the refund route, to save time and blockage of capital. The exemption route has not benefited majority of garment units who are outside the cenvat chain.

**EPCG –**

Under EPCGs, suppliers are made to pay excise duty above 5% (revised to 3% in Trade Policy, Feb 2009) and claim the refund. This should be exempted. To treat the exporters who export 100% of their product at par with 100% EOUs, irrespective of their location.

**Product Development Fund -** Earmark a fund of Rs 250 cr for financial development of categories like Formal wear, childernwear, lingeries, swimming costumes, technical clothes, hospitality clothes etc.

**Exim Policy** – Garments covered under Chapter 61 and 62 should be made eligible for the benefit of Market Linked Focus Products Scheme for exports to US and Europe.

In order to enable industry to do requisite market survey, market research and adopt an aggressive marketing strategy, cash assistance of 4% of FOB value of exports may be granted under Market Linked Focus Products Scheme so that a focused sustained strategy is developed by garment exporters for maintaining our exports in traditional markets of US and Europe.

**Simplification of Exim norms –** This can give an immediate boost to the industry which is losing out on cost competitiveness due high domestic raw material cost. Simpler Exim norms for entry and exit of goods can improve raw material cost.

**Chapter for Apparel** – Given its importance to national economy, a separate chapter should be dedicated to Apparel in the policy

**Labour Laws** – Changes required in Contract labour Act, Industrial Disputes Act, extension of working hours and generally bring in more flexibility in tandem with the varying production schedules prevalent in the industry.