



Apparel Export Promotion Council

PRESS RELEASE

AEPC delegation meets Commerce Minister: raises the issue of decline in apparel exports

New Delhi, September 14, 2017: A high level delegation of Apparel Export Promotion Council (AEPC) led by its Vice Chairman Mr. HKL Maggu met the Union Commerce minister Shri Suresh Prabhu yesterday. In its meeting with the commerce minister, the council apprised the minister about the major constraints being faced by the apparel exporters towards increasing exports from India. The Council members apprised the minister about the issue of non-reimbursement of embedded taxes under Rebate of State Levies (ROSL), Drawback (DBK) scheme which is making the apparel industry non-competitive. The council also informed the minister about the impact of overvalued Rupee on the Export Growth.

Exchange rate is an important competitiveness tool and citing the issue of depreciation in the value of currencies of the neighbouring countries like China, Bangladesh and Vietnam during the last six months, the council raised the issue of erosion of the cost competitiveness of Indian apparel Industry. A strong rupee has significantly diluted the impact of the Special package of Rs. 6000 crores for apparel industry and in order to encourage exports, it is necessary that rupee is depreciated in a calibrated manner to a level where India's exports become competitive in the global market, urged the AEPC delegation during its meeting with the minister.

Speaking about the meeting, Mr. Ashok G Rajani, Chairman Apparel Export Promotion Council said, "The principle of zero-rating of exports is uniformly followed by all countries across the world. However, such zero-rating of exports as prescribed in the GST law will not be complete and will be limited to refunding of input taxes as there are a number of GST taxes, which are invisible and embedded in the FOB value of exports, given the design of the Indian GST. Therefore, it is important that the refund of the blocked GST taxes should not be seen as an incentive, but as an enabler of trade neutrality. The minister has assured us every best possible support for the smooth growth of industry and we are hopeful that he will look into the concerns raised by the Industry"

In its meeting with the Commerce minister, the council members made suggestions about the Export policy. In its submission to the minister, the council has suggested that the export policy should address the aspects of market disabilities and policy disabilities. While the market disabilities for the apparel industry in India includes the issues related to logistics cost and time, rigid labour regulations, lack of economies of scale and discrimination in export markets arising out of preferential trade agreements for competing countries in major markets such as the US and EU, the policy disabilities includes tax and tariff policy which plays a major role in export performance.

The council in its meeting informed the Minister that while the government uses various ways and means to neutralize market based disabilities, the duty drawback facility is usually used to neutralize any tax and tariff disabilities. The members further suggested that for ensuring taxes are not exported a system of Central and State drawback should be envisaged for the post-GST drawback system. In central drawback system, embedded CGST taxes in the exempt/ excluded sectors, basic customs duties and Central excise duties on specified petroleum products should be included while in the state drawback system, embedded SGST taxes in the exempt/ excluded sectors, State VAT on specified petroleum products, electricity duties, stamp duties and registration charges, motor vehicle taxes, mandi taxes, green taxes, property taxes etc., should be included.

Mr. Anil Kumar, ASG, AEPC also participated in the meeting with Commerce Minister.

About Apparel Export Promotion Council (AEPC)

Incorporated in 1978, AEPC is the official body of apparel exporters in India that provides invaluable assistance to Indian exporters as well as importers/ international buyers who choose India as their preferred sourcing destination for garments. In recent years AEPC has worked tirelessly in integrating the entire industry - starting at the grass root level of training the workforce and supplying a steady stream of man power to the industry; identifying the best countries to source machinery and other infrastructure and brokering several path breaking deals for its members and finally helping exporters to showcase their best at home fairs as well as be highly visible at international fairs the world over. With AEPC's expertise and all the advantages that India has, it makes for a truly win-win situation - Indian exporters grow stronger each year in their achievements, skills and proficiency, while international buyers get superior solutions for their garment imports.

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