



Apparel Export Promotion Council

PRESS RELEASE

Apparel Industry expresses extreme disappointment on the announcement of the all industry duty drawback rates on export of readymade garments.

New Delhi, September 22, 2017: The Government has today announced the new drawback rates to be effective from 1st October 2017 (post-transition period ending 30th September 2017). The new All Industry Rates (AIR) for garments is 2% as compared to the 7.7% drawback available till now. This low rate is unexpected as this body blow is coming at a time when the industry is facing continuous decline in exports due to global conditions, rupee overvaluation and uncertainties post by the GST regime. The industry is already facing severe financial pressure due to the increased working capital requirements under the GST regime and stress due to the above uncertainties keeping the export sentiments extremely low. The drawback was one of the key policy support measures towards lifting industry's cost competitiveness in the wake of above slew of factors adversely affecting the sector. With this steep decline in the drawback support over 7000 small & medium enterprises in the apparel exports will be crippled and doomed in uncertainties. This will have an adverse impact on the employment being provided to over 12 million people be provided by this sector.

Commenting on the issue, Mr. Ashok G Rajani, Chairman Apparel Export Promotion Council said, “The apparel industry needs to book orders in advance for the next season. The uncertainty prevailing for the last three months regarding the GST rates on apparel and job work have already cost the industry's order books. “I think the present new rates are unacceptable and the Ministry of Textiles should immediately consider AEPC's recommendation for extending the current transition rates till 31st March 2018, to instil confidence in the sector and also ensure a smooth transition into GST and also for sustaining the employment in the sector. In the absence of an encouraging drawback rates, the exports will further witness a sharp decline just ahead of the peak festival season when the industry was expecting recovery”.

AEPC has been in constant consultation with the Drawback Committee and various ministries for identification and consideration of several embedded / blocked taxes which are presently not subsumed in GST, not considered in the drawback, and hence a loss to the exporters. The industry was expecting continuation of the present drawback rates till such time as these consultations could be completed and proper measures taken to ensure that exports remain zero rated and no taxes are exported.

Comparison of the DBK Rates

Duty Drawback for RMG (61 & 62)					
		Drawback rate effective from 15th November, 2016		Drawback rate effective from 1.10.2017	
Tariff Item	Product	Rate (%)	Value Cap/ piece (Rs.)	Rate (%)	Value Cap/ piece (Rs.)
61 & 62					
	Of cotton	7.7	146	2%	37.9
	Of blend containing cotton and MMF fibre	9.5	110	2.50%	28.9
	Of MMF fibre	9.8	115	2.50%	29.3
	Of Silk (other than containing Noil silk)	7.6	170	4.80%	107.4
	Of Wool	8.7	404	3.50%	162.5
	Of Blend containing Wool and Man Made Fibre	--	--	3.00%	103.4
	Of Others	7.6	100	2%	26.3

About Apparel Export Promotion Council (AEPCC)

Incorporated in 1978, AEPCC 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 AEPCC 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 AEPCC'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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