



Apparel Export Promotion Council

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AEPC express concern over the decline in apparel exports by 39%; reaches out to the policy makers to arrest the decline

New Delhi, November 15, 2017: India's apparel exports has shown a decline of 39 % (in US\$ terms) for the month of October'17. There has been an overall decline of 5.94% in the exports of apparels from India as per the data released yesterday. AEPC has indicated earlier about the decline in exports in the coming days on account of the issues which have arose after the implementation of GST.

In the wake of dwindling apparel exports, AEPC has been engaging with the policy makers for an early resolution of the issue which is hampering the apparel industry, post GST roll out. It has already made several presentations to the Ministry of textile, Drawback Committee, NITI Aayog, Parliamentary Standing Committee etc. As part of its outreach strategy, an AEPC delegation led by its Chairman Mr. Ashok Rajani met Chief Economic Advisor (CEA), Dr. Arvind Subramanian today to express concern on the decline of exports, post GST rollout. In his meeting with the Chief Economic advisor, Mr. Rajani informed him that for the period of Jul-Oct, overall exports have declined by 6% which is mainly on the account of sharp reductions in the effective drawback rate and RoSL rate and has not only reduced the total reimbursements of duties for the sector but has also affected the export prospects of the apparel sector drastically.

Talking about his meeting with the CEA, Dr. Arvind Subramanian, Mr. Ashok Rajani Chairman, AEPC said, "For the period of Jul-Oct, there has been a drastic decline of 5.94% in the overall exports of apparels from India. The apparel export industry has been severely handicapped by the sharp reductions in the effective drawback and RoSL rates. The drawback mechanism prior to the GST reimbursed both the customs duties and domestic taxes like central excise and service tax but after the implementation of the GST, the drawback rates are now only reimbursing the customs duties and for other duties the argument that is advanced is that those duties would be available as part of the credit chain".

"The important point is the principle of reimbursement of domestic non-GST and GST central taxes in addition to customs through the drawback mechanism. This requires an amendment in the drawback rules to provide for reimbursement of GST duties. We therefore urged Dr. Subramanian that pending these legislative changes, the total duty reimbursements to the apparel sector be retained at pre-GST stage of 7.5% drawback without input tax credits, plus 3.5% of RoSL. These pre-existing levels of reimbursement through the drawback and the RoSL routes may be maintained upto 31 March, 2018 to provide immediate relief to the reeling apparel sector", informed Mr. Rajani.

In its meeting with the CEA, AEPC delegation informed him about the recommendation of the Drawback Committee for a composite rate for apparel sector without GST credits as an option. The AEPC delegation requested the CEA for an early expedition of the issue of composite rate for apparel sector as the move will benefit a large number of small scale exporters.

Earlier, in its presentation to the Parliamentary Standing Committee, AEPC has asked for the extension of exemption of IGST on import under EPCG or Advance Authorization from 31st March, 2018 to December, 2018 to provide a longer window for investment decisions.

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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