Falling Apparel Exports

What is the issue?

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- India’s apparel exports have dropped about four per cent for the year 2017-18.
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- An early resolution is needed to prevent a crisis particularly when global demand has picked up.
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What is the significance of Indian Apparel exports?

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- Apparel exports has been growing steadily, it contributes 4% of GDP and account for nearly 15% of India’s total exports.
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- The textiles and apparels industry is one of the largest employers of women and helps in creation of jobs for skilled and semi-skilled labours.
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- It also has a world market share of 4.4% and has potential to increase up to 8%.
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What are the prevailing issues in Indian apparel export?

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- Global apparel market is most competitive, faster growth of exports from Bangladesh and Vietnam concerns Indian exports.
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- The apparel manufacturing and exporting units are facing a funds crisis due to delays in processing of refund of taxes.
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- Duty drawback was initially curtailed and later reduced after the implementation of GST in July 2017.
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- While the Union increased the duty drawback understanding the woes of exporters, States who pay major share of duty drawback are yet to rebate the taxes.
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- This funds crunch has pushed the apparel manufacturers and exporters to increase the costs up to 5% which has led to loss of market and thereby decreased exports.
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What measures are needed to improve apparel exports?

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- The flow of funds to the manufacturing and exporting units has to be eased.
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- Sate component of the GST refunds have to be released quickly to avoid losing markets further which will directly affect the labour intensive sector.
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- Better infrastructure and smoother policies with less paperwork will help to compete with these countries and improve apparel exports.
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Source: Business Line

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