

India's Textiles and clothing exports:

India's textiles and clothing industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17) envisages India's exports of Textiles and Clothing at US\$ 64.41 billion by the end of March, 2017. The textiles industry accounts for 14% of industrial production, which is 4% of GDP; employs 45 million people and accounts for 13% share of the country's total exports basket. India is major exporting country as far as textile sector is concerned and not dependent on import. Majority of import takes place for re-export or special requirement. In the global exports of clothing, as per the UN Comtrade, 2013 data released in June 2014 India is ranked as 2nd largest Textile and Clothing exporter in globe with USD 40 bn. while in clothing exports India was ranked 6th largest exporters amongst all exporting countries with worth of USD 15.7 bn. clothing exports. As per UN Comtrade China is largest T&C exporter followed by India, Italy, Germany, Bangladesh and Turkey in 2013 while in clothing export category China, Bangladesh, Italy, Germany, Vietnam and India are the major exporters in their respective position.

2. The Export of T&C during 2014-15 was as under:-

Exports	2013-14		2014-15		Growth in percentage	
	Rs. Crore	US\$ Mn	Rs. Crore	US\$ Mn	Rs. Crore	US\$ Mn
Total Textile & Clothing	227,337	37,475	230,293	37,654	1.3%	0.5%
Handicrafts (EPCH Data)	23,504	3,885	27,747	4,468	18.1%	15.0%
Total T&C including Handicrafts	250,841	41,360	258,040	42,122	2.9%	1.8%
% Textile Exports of overall exports	13.2%	13.2%	13.6%	13.6%		
India's overall exports	1,905,011	314,405	1,896,348	310,338		

Source: DGCI&S

3. The year 2014-15 began with a challenging note for export of Indian T&C products in a difficult economic backdrop as the world was emerging from the shadows of a grim recessionary period as in 2013-14. However concerted efforts were made to reverse the trend in 2014-15. The Ministry of Textiles remained conscious of the fact that textile export is not just an end itself but means of providing gainful employment to

millions of people in the country. To address these issues and reverse the trend of declining exports, a multi-pronged strategy was adopted by the Ministry of Textiles. The Ministry significantly stepped up external economic engagement with the other information and negotiated a number of bilateral agreements to gain significant market access. Various procedural bottlenecks in exports were also addressed while supporting the textiles exports sector through various provisions of the Foreign Trade Policy and the other policy initiatives to enable the sector to increase market share in the global textiles markets. As a result of focused efforts made by the Ministry of Textiles, not only the declining trend of textile exports was arrested but a significant growth in export was witnessed during 2014-15. The various activities undertaken by the Ministry to boost export are given below:-

4. Bilateral Negotiations

Japan

The following issues are under consideration arising after the visit of a delegation led by Secretary (T) to Japan from 14-18 July 2015. In this regard following submissions are made:-

(a) Collaboration between QTEC and Textile Committee

A proposal sent by Textile Committee regarding collaboration between QTEC and TC covering areas such as (i) Capacity building of 4-5 Textile Committee Laboratories in Japan, (ii) visit of QTEC experts to oversee the available laboratory facilities of TC and (iii) participation of QTEC experts in the industry capacity building for exports of textiles and clothing complaint to Japan Market, having financial implication of Rs. 71 lakhs, was duly to approved by Secretary(T) and been sent to JS(AMR) for taking further course of action.

(b) MoU between CSB and NIAS

A letter has been received from CSB, intimating that CSB has already prepared a draft MoU of collaboration on the agreed lines and the same has been sent to Dr. Hiroaki Machaii, Vice president, National Institute of Agrobiological Science (NIAS), Japan on 23.7.2015 for comments.

(c) Collaboration between Bunka Gakuen University and NIFT.

Bunka team is visiting NIFT on 8-9th September and during that time, they shall be taken for a cluster visit to Jaipur Letter has been written to Bunka University for sending faculty to NIFT. Letter has been written to all campus Directors inviting names of students who would be interested in studying in Bunka University. Details have been sought from Bunka Gakuen regarding financial details of two students' expenditure.

Uzbekistan

The 2nd meeting of the India-Uzbekistan Joint Working Group was held on 21st February 2013 in New Delhi in a cordial and constructive atmosphere. The 10th Session of India-Uzbekistan Inter Governmental Commission (IUGC) on Trade Economic Scientific and Technological Cooperation was held on 4.3.2014 in New Delhi in which MoU between the Central Sericulture Research and Training Institute (CSRTI) and Uzbek Research Institute of Sericulture (URIS) was discussed. Uzbek side has come with an MoU between CSRTI and URIS. The MoU is being examined by Central Silk Board (CSB) for their comments / views particularly financial implications and liability on the Government arising out of the MoU. MoT has approved the MoU to be signed between CSB and its Uzbek counterpart. Negotiations for signing the MoU between CSB and Uzbek counterpart is underway and likely to be signed soon.

EU

EU has extended “Zero duty” benefit to Pakistan under the Generalized System of Preference Plus (GSP+) Scheme w.e.f. from 01.01.2014. This would result into duty free export from Pakistan to the 27 countries of the EU, while imports of yarn & fabrics from India will continue to pay 4% to 8% and Home textiles will pay 9.6%. The extension of “Zero duty” benefits to Pakistan under the GSP Plus Scheme will affect the Indian export of Home Textiles, Fabrics and Yarn to the EU countries since the duty differential will create difference of prices. Ministry had received representation to grant fiscal incentives to the Indian exporters to minimize the effect of EU’s extension of “Zero duty” benefits under the GSP Plus Scheme. The matter was taken up with Department of Commerce for granting 5% bonus on export of certain textile items to EU. Texprocil has now informed that DGFT has issued a notification in February, 2014 granting 2% bonus on export of Cotton Yarn, Fabrics and Made ups to the EU in view of zero duty benefit given to Pakistan for all these products under the GSP plus scheme.

Joint Working Group (JWG) on Textiles and Clothing was set up by the Joint Commission pursuant to the Co-operation Agreement between the European Community and India on Partnership and Development of 1994, in particular Article 22 “Joint Commission”, which states that the “Joint Commission may set up specialized sub-groups to assist in the performance of its tasks”. 8th round of India-EU JWG meeting was held on 26.3.2015 in New Delhi under the chairpersonship of Joint Secretary (Exports) to discuss the various bilateral issues viz. customs procedures, Non-Tariff Measures, FDI and Technology Collaborations.

Belarus

To enhance the trade & economic relations by expanding business and cooperation in the sphere of their Textiles, Clothing and Fashion Industries between India and Belarus. The MoU was signed in Minsk between the two countries on 3.6.2015.

5. Other bilateral negotiations

Kyrgyz:

In addition several bilateral agreements were being processed. The Cabinet, on 13.8.2013, approved the Memorandum of Understanding between the Ministry of Textiles of the Republic of India and the Ministry of Energy and Industry of the Kyrgyz Republic for Cooperation in the field of Textile Sector. The MoU seeks to enhance the trade & economic relations by expanding business and cooperation in the sphere of their Textiles, Clothing and Fashion Industries between India and Kyrgyz Republic. The MoU has been signed on 17.3.2015.

6. Ease of doing business:

List of issues involved in “Ease of doing business”

S.No.	Items	Present status
1	Azo-dyes	List of countries where azo-dyes are banned have been obtained from MEA EU, Serbia, Poland, Denmark and China has banned Azo-dyes. List given to DGFT by MoT. DGFT vide notification No. 19/2015-2020 dated 4.9.2015 has notified that testing of textiles and textiles articles for presence of azo-dyes will not be required for imports originating from EU Serbia, Poland, Denmark and China in first phase.
2	Standard Operating Procedure	As per the existing system the samples are tested and test reports are issued within a period of 3 to 4 days. The Textiles Committee will complete the test for hazardous dyes within 48 hrs from the time of received of the sample(excluding public holidays) and post test report on-line. Letter written to Department of Revenue.
3	Giving access to the system	At present there are 17 labs across the country at major textiles centre catering to and testing needs of the exports/importers, traders, manufacturers and various bodies. Secretary, Textile Committee shall act as the Nodal Officer regarding online reporting of test reports and overall supervision Test runs shall be made by D/o Revenue in Mumbai and New Delhi. Two IDs shall be generated in New Delhi and Mumbai Textile Committee Labs:- · Lab. Admn · Lab. Assistant. Test run shall be for 15-20 days, followed by extension to all Textile Committee Labs on successful test run, by D/o Revenue
4	Establishment of	Rs. 97.20 lakhs have been sanctioned for setting up of

	textile Lab at Cochin port	Textile Lab at Cochin port. Joint Director (Labs) TC submitted a time-line for different activities for setting of said lab. Secretary, Textile Committee has been advised to visit Cochin and set up temporary office with available facilities by October, 31, 2015.
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7. EXPORT PROMOTION COUNCILS

There are eleven textiles Exports Promotion Councils representing all segments of the Textiles & Clothing sector, viz. readymade garments, cotton, silk, jute, wool, powerloom, handloom, handicrafts, carpets. These Councils work in close cooperation with the Ministry of Textiles and other Ministries to promote the growth of their respective sector in the global export markets. The Councils participate in textiles and clothing fairs and exhibitions in India and abroad as well as mount standalone shows in India and abroad to enhance the markets of their respective sectors. These councils are:-

- i) Apparel Export Promotion Council (AEPC)
- ii) The Cotton Textiles Export Promotion Council (Texprocil)
- iii) The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC)
- iv) Wool & Woollen Export Promotion Council (S&WEPC)
- v) Wool Industry Export Promotion Organization (WOOLTEXPRO)
- vi) Indian Silk Export Promotion Council (ISEPC)
- vii) Carpet Export Promotion Council (CEPC)
- viii) Export Promotion Council for Handicrafts (EPCH)
- ix) Powerloom Development & Export Promotion Council (PDEXCIL)
- x) Handloom Export Promotion Council (HEPC)
- xi) Jute Product Development Export Promotion Council (JPDEPC)

8. Export Promotion Activities of EPCs

During the year 2014-15, the EPCs continued export promotion activities of textiles exports. These included participation in overseas exhibitions/fairs, organisation of Buyer-seller-Meets (BSMs) abroad and, sponsoring trade delegations for consolidating the existing markets and exploring new markets. Major textiles fairs like India International Garment Fair and Indian Handicrafts & Gifts Fair attracted large number of buyers from all over the world. The EPCs participated in all major fairs & exhibition world-wide, and Textiles Mega Shows were jointly put up in Japan, South Africa, Latin America etc with the support of the Government.

During 2014-15, 43 fairs/Exhibitions were organized by various Export Promotion Councils in Japan, Hongkong, Colombia, Israel, South Africa, Chile, Uruguay, Spain, China, USA, Germany, Brazil and Australia under Market Access Initiative Scheme.

9. Textiles Exports performance during 2014-15:

The year 2014-15 began in a difficult economic backdrop as the world was emerging from the shadows of a grim recessionary period as in 2013-14. However concerted efforts were made to reverse the trend in 2014-15. To address these issues and reverse the trend of declining exports, a multi-pronged strategy was adopted by the Ministry of Textiles. The Ministry significantly stepped up external economic engagement with the other information and negotiated a number of bilateral agreements to gain significant market access. Various procedural bottlenecks in exports were also addressed while supporting the textiles exports sector through various provisions of the Foreign Trade Policy and the other policy initiatives to enable the sector to increase market share in the global textiles markets.

As a result of focused efforts made by the Ministry of Textiles, not only the declining trend of textile exports was arrested but a significant growth in export was witnessed during 2014-15. Textiles (incl. Handicrafts) exports during FY 2014-15 registered a growth of 13 % in US\$ as well as in Rupee terms. Total Textile and clothing (DGCIS data) Including and Handicraft (EPCH data) exports during FY 2014-15 was US\$ 42122 million as against US\$ 41360 million in FY 2013-14. In Rupee terms, it is Rs.258040 crore in 2014-15 against Rs.250841crore in 2013-14. Readymade Garments registered a growth of 16%, man-made textiles 13% and Cotton Textiles 11 % in US\$ terms. A statement showing principle commodity-wise exports data (Provisional) during 2013-14 is at Annexure-I.

The share of textiles export in the Indian Export Basket has significantly increased from 11.63% to 12.58% during 2013-14.

10. Import Scenario

The total imports of T&C products by India during the Financial Year 2014-15 was of the value of US\$ 6 billion. Man-made was the biggest import amongst T&C items with a value of US\$ 0.82 billion followed by Man-Made staple fibres (US\$ 0.74 billion) and Cotton (US\$ 0.74 billion). India's imports of T&C during 2015- 16 (Apr-Jul) has been of the order of US\$ 1.97 billion.

Data Source: Exports Division

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