PROMOTING INDIAN TEXTILE AND APPAREL EXPORTS

The global textile market is estimated to reach US$ 1,412.5 billion by 2028 and would expand at a CAGR of 4.4% from 2021 to 2028. Rapidly changing trends in the fashion industry, along with rising consumer awareness, are expected to drive the market. Furthermore, the rise in e-commerce platforms, which is accelerating growth in sales and distribution of various kinds of products manufactured by the industry, is estimated to fuel demand. Additionally, robust government measures to ensure labour health and safety are convincing as the demand for personal protective clothing that needs tested cotton or wool as raw material is driving the market growth.
India aims to achieve a prominent global position in manufacturing and exports of different types of textiles including jute, silk, cotton and wool. It also plans to build a thriving handicraft and handloom sector for sustainable economic growth as well as promote and preserve the sector’s traditional cultural heritage. The country’s vision is to enhance the strategic and balanced growth of textiles by making sure that adequate fibres are readily available to all sectors. It also aims to strengthen the industry through modernisation and technological upgrades. Furthermore, India aims to develop the capacity and skills of all workers in the textile industry and ensure a better working environment and improved access to facilities such as healthcare and insurance.

India has the potential to increase its textile exports from US$ 40 billion to US$ 100 billion in the next five years. The textile sector had traditionally enjoyed a comparative advantage, particularly apparel manufacturing. Exports of apparel are a significant component of India's export basket, as it plays a vital role in boosting the domestic economy. An increase in competition from neighbouring countries, such as Bangladesh and Vietnam, has led to a partial stagnation in apparel exports. However, India's textile industry could overcome these barriers and become one of the most crucial exporters of textile in the world.

India’s apparel industry has a great historic significance, the traces of which could be found in the historical records of the Indian subcontinent and the Indus Valley Civilisation.

Globally, apparel is one of the world’s largest and oldest export industries. Apparel production is the foundation for national development and is the starter industry for various countries involved in export-linked industrialisation because of its lower fixed costs and focus on labour-intensive manufacturing. Apparel manufacturing is also an integral part of the broader textile industry and is forecast to account for over two-thirds of the total textile industry. Furthermore, textile accounts for more than 2% of India’s overall GDP, equivalent to almost 12–14% of the manufacturing sector’s GDP. Textile is also one of the biggest labour-intensive sectors and is an important source of employment for semi-skilled and unskilled labour.

Textile products from India are exported to more than 100 countries, mainly to the US and European Union countries. The US, the UK, Germany, Bangladesh and the UAE contribute significantly to the country’s textile and apparel exports.

**INDIA’S TEXTILE AND APPAREL EXPORTS**

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Prominent Exporting Destinations for Indian Textiles During 2019–20

![Graph showing export destinations](https://commerce.gov.in/about-us/divisions/export-products-division/ep-textile/)

During 2019–20, textile exports to the US stood at approximately US$ 8.22 billion, making it one of the biggest textile exporting hubs for India. Textile exports to destinations such as the UAE are valued at almost US$ 2.28 billion while those to Bangladesh stood at nearly US$ 2.17 billion. The Indian textile sector is broadly categorised into 25 important commodities such as RMG cotton along with accessories, cotton fabrics and made-ups. The top 10 most exported commodities contribute to approximately 95.35% of the total textile exports.

### Commodity-wise Exports of Top Five Commodities by Value During 2019–20 (in US$ million)

![Graph showing commodity-wise exports](image)


### APPAREL EXPORT PROMOTION COUNCIL (AEPC)

AEPC was incorporated in 1978 and is a recognised body of apparel exports in India, which assists Indian exporters and importers that choose India as a desired garment-sourcing destination. AEPC is a powerful body for facilitating and promoting garments manufacturing and their exports. It is a one-stop shop for Indian exporters seeking advice, information, technical guidance, market intelligence, etc. Members have wider access to updated trade data and potential market information on global fairs. AEPC also plays a crucial role in discovering new markets and leading trade commissions in different countries globally. AEPC’s mission is to help the industry achieve government targets on export promotion, employment generation, productivity management, and brand creation progressively and responsibly, which will aid in enhancing value to consumers in particular and society at large. AEPC envisions to support, promote and assist the apparel industry to improve its competitive advantage and global standing in a sustainable fashion that benefits various stakeholders of the industry.

### Objectives of AEPC

- Encourage, expand, improve and build export of all kinds of readymade garments, woollen knitwear and leather, jute and hemp
• Undertake export promotion measures, mainly to conduct market research; offer ideas for budgets and foreign trade policy; assist with inputs for different free trade agreements, bilateral agreements and regional trade agreements for monitoring various restrictive practices of importing countries and tariffs; discover product price range and export prices of garments across the globe; create new designs and outlines of garments; undertake branding and marketing in discrete foreign markets; send trade commissions and missions overseas and survey export potential of garments from the nation.

• Market and highlight to importers and people in foreign countries the benefits of trade and commerce with India; develop a link for different kinds of garments markets, primarily for maintaining continuity and regularity in reporting to manufacturers, exporters and traders of garments.

• Provide assistance, particularly in the small-scale sector, by assisting in matters related to the understanding and execution of drawbacks, procedures and rules, import license facilities provided and ways to apply for such facilities.

• Establish design hubs for better designs and patterns and substitution of garments suitable for exports; enhance standards and qualities of fabrics and garments by developing technology and encouraging export production of garments; conduct relevant research in fashion designs and techniques for encouraging garments manufacturing for exports.

• Undertake training and development for workers and technical personnel, develop skills of workers involved in garment manufacturing and support the technical base of the garment industry.

• Prepare an action plan for the council as a whole and an action plan for marketing exports, enhancement of export markets, developing export production, and setting export targets mainly concerning specific commodities and countries periodically for ensuring execution of such plans on a medium- and long-term basis.

• Develop cooperation with the government and other organisations in the domestic and overseas market to enhance the export promotion of readymade garments.

Activities and Initiatives of AEPC

• Collaboration with International Labour Organization (ILO): AEPC collaborated with the ILO to develop a compendium for a good management practice manual for the apparel industry. The manual includes around 50 good management practices centring on workplace cooperation, productivity, quality, clean production, management of workforce and Occupational Safety and Health (OSH).

• Industry 4.0 experience hub: AEPC, in collaboration with Lectra, inked a Memorandum of Understanding (MoU) for an Industry 4.0 solution experience hub. The hub aims to provide first-hand experience on how technology interventions in operations would support digital transformation, helping businesses to be future ready.

• AEPC E-marketplace: The AEPC E-marketplace is a B2B platform for meeting overseas buyers’ requirements by offering products developed by Indian apparel exporters.
and manufacturers. The buyers can see the profile of the exporter and send queries through the E-marketplace portal regarding the product and related information.

- Apparel industry sustainability: The initiative responsibily and sustainably aims to enhance the industry's operational quality and value creation. It creates awareness about the development of sustainability goals.

Other crucial activities and initiatives taken by AEPC include:

- Partnership with an award-winning NGO, Goonj, for recycling waste cloth in apparel units
- Seminars on various programmes such as trade facilitation agreements and currency risk management
- Support gender equality by launching a gender equality programme with brands such as Marks & Spencer
- Launch of Social & Labour Convergence Program (SLCP) that supports stakeholders' efforts to enhance working conditions in the global supply chain market
- Hosting meetings with different delegations to strengthen trade partnership

**The Ministry of Textiles**

The textile industry is one of the largest sources of employment in India. Approximately 45 million people are estimated to be directly involved in this sector, including women and the rural population. Given the sector's employment potential, the Government of India is increasing investment in this sector, which will help create additional jobs, improve businesses and skills, provide more opportunities and make India a global hub for textiles.

The crucial schemes launched by the government to enhance the sector, support employment generation and offer livelihood include:

- Scheme for Capacity Building in Textile Sector (Samarth): For addressing the need for skilled manpower required across the textile sector, the scheme, under the comprehensive policy guidelines of the Skill India initiative, is approved for implementation up to March 2024.
- Amended Technology Upgradation Fund Scheme (ATUFS): ATUFS was launched in
January 2016 for improving the ease of doing business, generating employment and promoting exports through the Make in India initiative with zero effects and zero defects in the manufacturing process. The scheme also provides credit-linked Capital Investment Subsidy (CIS) to various units for buying quality machinery in different segments of the textile sector.

- National Technical Textile Mission: The scheme was created for a timeframe of four years from 2020–21 to 2023–24. The scheme was approved with an initial outlay of Rs 1,480 crore (US$ 191.1 million) for enhancing the usage of technical textiles in different flagship missions and programmes in India, including strategic sectors.
- Production Linked Incentive (PLI) Scheme: The PLI scheme aims to encourage the production of apparel, fabrics and technical textile products in India to create 60–70 global players, attract investments worth Rs 19,000 crore (US$ 2.5 billion) and generate approximately 7.5 lakh new employment opportunities
- Prime Minister Mega Integrated Textile Region and Apparel (PM MITRA): The scheme aims to attract investment in the Make in India initiative and enhance employment generation activities by setting up seven PM MITRA parks in greenfield or brownfield sites with state-of-the-art infrastructures, such as a plug-and-play facility at an expenditure of Rs 4,445 crore (US$ 573.9 million), up to 2027–28.
- Scheme for Integrated Textile Parks (SITP): The scheme supports the development of state-of-the-art infrastructure facilities for constructing textile units.
- Integrated Processing Development Scheme (IPDS): The scheme was created to enable the textile industry to take on the necessary environmental standards and provide support to the common effluent treatment plants in current processing clusters and new processing parks, particularly in coastal areas.
- Special Package for Textile and Apparel Sector: The government proposed a special package of Rs 6,000 crore (US$ 774.7 million) in June 2016 to encourage employment and boost export potential in the apparel and garment segment.
- Different sectoral schemes to enhance traditional textiles such as handlooms, handicrafts, jute and silk will also boost the textile sector.

**REBATE OF STATE AND CENTRAL TAXES AND LEVIES (RoSCTL)**

The RoSCTL scheme was introduced by the Ministry of Textiles via Notification No. 14/26/2016-IT(Vol.II) in 2019. The scheme intends to rebate all embedded central and state taxes as well as levies on made-ups and garments to improve the attractiveness and increase the competitiveness of such sectors. According to the Ministry of Textiles, the benefits under this scheme shall be available for garments, apparel and made-ups.

On July 14 2021, the cabinet approved the extension of the RoSCTL scheme, under which garment exporters will continue to benefit from rebates on central and state taxes on all outward shipments, until March 2024. According to the ministry’s notification, the adequate safeguard mechanism would be in effect to monitor the realisation of export processes efficiently. While the intended scheme will be executed on a revenue inevitable basis, a budgetary control
would be applied through relevant entries in the financial statements. To prevent excess spending of the allocated amount in a particular year, the liabilities and expenditures would be assessed quarterly. Furthermore, exporters are needed to keep records to verify their claims made under this scheme to ensure a smooth verification and audit process. The Central Board of Indirect Taxes and Customs (CBIC) would enact an audit and monitoring mechanism, with a technology-backed Risk Mechanism System (RMS), in effect. The textile ministry would also conduct an annual impact assessment of this programme.

apparel would be 6.05% and up to 8.2% for made-ups. Made-ups and garments, such as home textiles, are covered under the scheme. The extension is likely to aid exporters in getting rebates on all the embedded taxes and enhancing product viability in globally competitive markets. The longer stability will be in effect until March 2024 and is likely to attract investments in such sectors. Additionally, manufacturers would be able to plan their exports and benefit from this scheme accordingly.

**MARKET ACCESS INITIATIVE (MAI) FOR TEXTILE EXPORTS**

The MAI scheme is an export promotion scheme developed to act as a catalyst to enhance the country’s exports sustainably. The scheme is designed on a focus and product-focus country approach to advance a particular market and a particular product through market studies and surveys. The scheme also aims to support export promotion organisations, trade promotion organisations, national-level institutions, R&D institutions, laboratories, universities, etc., for export promotion and enhancement by catering to new markets or growing exports in current markets. The magnitude of support for every eligible activity has been constant under this scheme.

The rebates of state taxes would include a rebate on Value Added Taxes (VAT) on fuel for transportation, mandi tax, electricity duty and export stamp duty on documents. The rebates would also extend to State Goods and Service Taxes (SGST) and Central Goods and Service Taxes (CGST) on inputs such as pesticides and fertilizers utilised in the production process of raw cotton, central duty on fuel, CGST and compensation cess on coal required for producing electricity. Furthermore, the script will be granted digitally on a customs system and utilised for basic custom duty payments on imports. The customs authorities may undertake actions under the Customs Act for recovering excess or erroneous taxes paid. The exporter is also required to return any payment over the rebate granted through the scripts due to miscalculation.

The government has stated that the maximum rate of rebate under the RoSCTL scheme for
The activities listed below are eligible for financial assistance under the scheme:
- Promotion of projects overseas
- Capacity enhancement
- Assistance with legal and statutory compliance
- Studies
- Project construction
- Expansion of foreign trade facilitation web portal
- Assistance to cottage and handicrafts units

The main objective of the MAI scheme 2021 is to assist micro, small and medium enterprises to enter the export market, promote innovation, enhance trade and market intelligence, construct the right skill sets and address the interventions needed for exploring new markets overseas.

In March 2022, Ms Darshana Jardosh, the Minister of State for Textiles, informed the Lok Sabha that India and the UAE entered into a free trade agreement that would strengthen the country’s textile and apparel exports. India is also in the process of negotiating such deals and agreements with the EU, the UK, Canada, Australia, Israel and other geographies. India has been facing more tariff issues in European markets compared to its Asian counterparts such as Cambodia, Bangladesh and Sri Lanka. The Government of India, under the MAI scheme, aims to deliver financial support to different Export Promotion Councils (EPCs) and trade bodies involved in the promotion of garment exports by participating in and organising trade fairs, buyer-seller meets, exhibitions, etc. Furthermore, during the advent of the Covid-19 pandemic, EPCs organised various exhibitions as an alternate mode of promotion for leveraging opportunities in the global markets.

For making textile products more cost competitive and implement the notion of zero-valued export, the government has proposed the continuation of RoSCTL on the export of apparel, garments and made-ups until 2024. Other textile goods that are not included under RoSCTL are included under the Remissions of Duties and Taxes on Exported Products (RoDTEP). In January 2016, the government launched ATUFS as a temporary subsidy for qualified benchmark equipment. Segments with greater employment and export capacity, such as garments and specialised textiles, are eligible for the investment subsidy. For supplementing the textile industry’s attempts to improve jobs and address the need for skilled manpower, the Ministry of Textiles is implementing Samarth Scheme across the textile value chain, barring weaving and spinning, in the organised sector. Additionally, the Ministry is implementing the Textile Cluster Development Scheme (TCDS) between 2022 and 2026 for creating an open workplace and linkage-based environment for current as well as prospective textile units to make them financially and operationally feasible. To increase the advantages of customisation, economies of scale, manufacturing competitiveness, cost efficiency, greater access to information and technology, etc. For marketing Man-made Fibres (MMF) apparel production, MMF fabrics and output of technical textiles in India, the Production Linked Incentive (PLI) Scheme for textiles has been inaugurated. The government has also granted permission for setting up seven PM MITRA parks in brownfield and greenfield sites to establish state-of-the-art infrastructure including a plug-and-play facility.
five years. To further enhance the potential of this sector, the central government eliminated the import duty on cotton.

The scheme was notified in September 2021 and operational guidelines for the PLI scheme were issued in December 2021. All the applications under the PLI scheme for textiles were obtained through the website from January to February 2022.

**TOWNS OF EXPORT EXCELLENCE (TEE)**

TEE is a government initiative, wherein the ‘Town of Export Excellence’ status is granted to towns with products and export goods worth a bare minimum cost in a specific sector. Sectors such as handicraft, handloom, seafood, pharmaceutical, fisheries, apparel, coir and leather products can optimise their potential and move higher up in the value chain after a town gets the status of excellence.

According to the Ministry of Commerce and Industry, towns developing supplies worth Rs 750 crore (US$ 96.7 million) or more can be identified as Towns of Export Excellence. For certain sectors such as handloom, handicraft, agriculture, and fisheries, the threshold limit is set at Rs 150 crore (US$ 19.3 million).

As of February 2022, 39 towns had been recognised under the TEE scheme. The following are some of the benefits that towns can avail of:

- The established organisations of units in the TEE initiative can obtain financial support under the MAI scheme, on a priority basis, for export promotion strategies, capacity construction and technical services.
## Commodity-wise Exports of Top Five Commodities by Value During 2019–20 (in US$ million)

<table>
<thead>
<tr>
<th>Sr No.</th>
<th>Towns of Export Excellence</th>
<th>State</th>
<th>Product</th>
<th>Year of Recognition</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Tripur</td>
<td>Tamil Nadu</td>
<td>Hosiery</td>
<td>2003</td>
</tr>
<tr>
<td>2</td>
<td>Ludhiana</td>
<td>Punjab</td>
<td>Woollen Knitwear</td>
<td>2003</td>
</tr>
<tr>
<td>3</td>
<td>Panipat</td>
<td>Haryana</td>
<td>Woollen Blanket</td>
<td>2003</td>
</tr>
<tr>
<td>4</td>
<td>Kanoor</td>
<td>Kerala</td>
<td>Handlooms</td>
<td>2004</td>
</tr>
<tr>
<td>5</td>
<td>Karur</td>
<td>Tamil Nadu</td>
<td>Handlooms</td>
<td>2004</td>
</tr>
<tr>
<td>6</td>
<td>Madurai</td>
<td>Tamil Nadu</td>
<td>Handlooms</td>
<td>2004</td>
</tr>
<tr>
<td>7</td>
<td>Kekhra</td>
<td>Uttar Pradesh</td>
<td>Handlooms</td>
<td>2004</td>
</tr>
<tr>
<td>8</td>
<td>Alleppey</td>
<td>Kerala</td>
<td>Coir Products</td>
<td>2006</td>
</tr>
<tr>
<td>9</td>
<td>Bhilwara</td>
<td>Rajasthan</td>
<td>Textiles</td>
<td>2009</td>
</tr>
<tr>
<td>10</td>
<td>Kanpur</td>
<td>Uttar Pradesh</td>
<td>Leather Products</td>
<td>2009</td>
</tr>
<tr>
<td>11</td>
<td>Ambur</td>
<td>Tamil Nadu</td>
<td>Leather Products</td>
<td>2009</td>
</tr>
<tr>
<td>12</td>
<td>Bhiwandi</td>
<td>Maharashtra</td>
<td>Textiles</td>
<td>2010</td>
</tr>
<tr>
<td>13</td>
<td>Agra</td>
<td>Uttar Pradesh</td>
<td>Leather Products</td>
<td>2010</td>
</tr>
<tr>
<td>14</td>
<td>Ahmedabad</td>
<td>Gujarat</td>
<td>Textiles</td>
<td>2012</td>
</tr>
<tr>
<td>15</td>
<td>Kolhapur</td>
<td>Maharashtra</td>
<td>Textiles</td>
<td>2012</td>
</tr>
<tr>
<td>16</td>
<td>Gurgaon</td>
<td>Haryana</td>
<td>Apparel</td>
<td>2013</td>
</tr>
<tr>
<td>17</td>
<td>Panipat</td>
<td>Haryana</td>
<td>Carpets, Other Textile Floor Coverings &amp; Bed Linen</td>
<td>2018</td>
</tr>
<tr>
<td>18</td>
<td>Bhadohi</td>
<td>Uttar Pradesh</td>
<td>Carpets, Other Textile Floor Coverings</td>
<td>2018</td>
</tr>
<tr>
<td>19</td>
<td>Pollachi</td>
<td>Tamil Nadu</td>
<td>Coir and Coir Products</td>
<td>2020</td>
</tr>
<tr>
<td>20</td>
<td>Noida</td>
<td>Uttar Pradesh</td>
<td>Apparel Products</td>
<td>2021</td>
</tr>
</tbody>
</table>

- Popular service providers in the TEE initiative are eligible for authorisation under the Export Promotion Capital Goods (EPCG) Scheme.

India’s apparel industry can ramp up its potential by focusing on vertical integration, which will lead to growth in scale and size. The PLI scheme serves as a foundation for achieving the US$ 100 billion export potential in the next five years. The apparel and garment segment is not too investment-centric; however, it is especially important from an employment perspective. The government is committed to enhancing the PM MITRA scheme. India is anticipated to have a state-of-the-art infrastructure and a developed textile industry. Textiles have always been one of the top priorities of the government as demand continues to recover in the domestic as well as international markets.
GLOBAL FUTURE DEMAND FOR TEXTILES AND INDIA’S EXPORT TARGETS

The textile market has witnessed a rapid change in growth due to expansion and M&A activities. Companies around the world are focusing on improving their topline growth through different government agreements vis-à-vis domestic and international partnerships. For instance, e-commerce giants such as Amazon, eBay and Flipkart are witnessing a rising number of sellers on their portals. The textile market is highly fragmented due to the presence of many small- and medium-scale manufacturers, particularly in countries such as China and India. Additionally, the availability of low-cost labour, along with government support for developing business units in these countries, is anticipated to add an optimistic element of growth in these markets.

India’s textile market has been experiencing a colossal surge in growth. Technological innovation and an improved supply chain can help in advancing the sector. Between 2000 and 2021, the industry generated an FDI inflow of US$ 3 billion, which considerably accelerated the sector’s growth. The textile industry mainly relies on cotton as its prime constituent. The development of raw cotton within the country plays an important role in enabling the industry to flourish. The post-pandemic era has offered several growth opportunities for the digital textile industry. Technology is a game changer and the role it plays in textiles is strengthening the industry’s potential. This has resulted in increased sales and the trend will continue in the coming years.

For developing traditional livelihood sectors such as handlooms and handicrafts, the Ministry of Textiles is working on implementing schemes that will lead to a sharp revival and promotion of the handloom industry across India. Furthermore, the Handloom Export Promotion Council (HEPC) has been conducting international and domestic fairs as well as events for weavers. The government is also focusing on providing direct market access to artisans and weavers by creating an e-commerce platform via Digital India Corporation. The first phase will be a selection process, wherein artisans and weavers from 205 clusters of handicrafts and handlooms will be selected across India for showcasing their output on the portal. Additionally, artisans and weavers are listed on the Government E-Market Portal (GeM) for selling their products directly to government ministries and departments. Accessibility of nearly all kinds of raw materials, access to the entire value chain, young population, the business mindset of industry leaders, continued support from the government, technology advancement, emphasis on innovation and robust presence of support industries will help to strengthen the sector in the coming decade.