

India's Textile Industry: Challenges, Competitiveness, and the Road Ahead

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Abstract

This paper examines trade profile of India with a focus on Textile and Apparel Industries. Using the exports and imports data of different categories of textile industries, the study aims to address trade condition and overall trend in this sector. Key findings indicate that there is lot of gaps which making this industry to have a sluggish growth, demonstrating the significance of sub-industry specific policy initiative for its development. Additionally, the paper identifies challenges and obstacles, the textile and apparel industry is dealing with. Overall, this study provides valuable insights into current situation of India's textile industry and offering a foundation for further investigation and practical applications in this sector.

Keywords: Exports, Imports, Textile and Apparel Sector, Man-Made Fibre, Technical Textile

Introduction

The Textile & Clothing industry is traditionally important for the Indian economy due to its significant contributions to export, industrial production, and employment. As Textile & Clothing is a labour intensive industry, this sector employs 45 million people, directly and indirectly employed 60 million people, the second largest employment-generating industry after the agriculture sector in India (Ministry of Textiles 2018, p.51). The textile sector in India is one of the oldest industries in the country and is made up of many independent and clustered Small and Medium Enterprises (SMEs), making them independent and self-sufficient. From New Delhi to Gujarat and beyond, SMEs carry out most of the production of India's home textile and apparel sectors, which make up the majority of the Indian textile industry. In India the textile industry is broadly divided into the organized and unorganized sectors. The former one applies modern technologies and comprises sectors like garments, apparels, and spinning and latter is largely made of handlooms, handicrafts, and, to a certain extent, sericulture for producing silk. A complete value chain beginning at the producer's level to the ultimate consumer exists in India. However, it is fragmented (CII, 2018). The contribution of Micro, Small and Medium Enterprises (MSMEs), particularly small- and micro-sized firms, in the Textile & Clothing industry is larger compared to those of other sectors. Over 20 percent of registered MSMEs are engaged in the Textile & Clothing sector, according to the fourth census on MSMEs according to the Ministry of Micro, Small and Medium Enterprises (2009, p. 25). According to CII (2018) the MSMEs engaged in textile industry has been reeling through various challenges which needs to be reduced if not eliminated for ensuring profitability to the micro, small and medium entrepreneurs

Reflections from the Global Market

Despite the advantages of low labour cost and presence of value-added chain, the growth of the textile and garment industries in India has been far less than the growth achieved in these sectors by some other countries, like China. In 2016, exports of textiles and garments from India amounted to \$16 billion and \$18 billion respectively. At the same time, compared to exports from India, exports from China (in 2016) were six times higher in the textiles sector and nine times higher in the garments sector. Not only China, but Bangladesh and Vietnam too have experienced much faster growth rates of exports of garments compared to India. Dhupkar (2019) has talked about India’s already struggling textile industry for growth would be more affected if the government allows import of textiles under the Regional Comprehensive Economic Partnership, a proposed free trade agreement between the 10-member states of the Association of Southeast Asian Nations and its six Free Trade Agreement (FTA) partners. Free trade agreements are beneficial for textile industries as long as it is formed with the objective of export’s growth in textile industries but if it derailed from the objective it can lead to increase in imports more than the growth of exports. Hence, simultaneously the internal matters should also be given attention to overcome with this problem. The internal problems such as inefficiency, low productivity, volatility of raw material prices, labour related factors, fuel cost etc. which create obstacles to be competitive in the world market. If the goods of textile industries are available at a competitive prices the growth holds as long as it remain in the same zone.

A robust and broad multi-fibre base and a wealth of inexpensive, skilled labour provide India a natural competitive edge. Although it was anticipated that prices would decline under the post-quota regime, most likely as a result of increasing global commerce and competition, this benefit has not been sufficient.

Exports and Imports of Textile Articles of Top Seven Countries

A country-wise exports and imports of textile articles can provide detail insights regarding its performance in the world market. It can help to know more about India’s competitiveness in the world market.

Table 1: Exports and imports of Cotton, 2022

Sr. No.	Country	Export as a share of total exports(%)	Import as a share of total import(%)	Export as a share of world exports(%)	Import as a share of world import(%)	Growth of exports in value (% p.a)	Growth of import in value (% p.a)
1	China	0.370	0.340	20.9400	15.4500	-4	-2
2	US	0.520	0.030	16.9600	1.7100	6	2
3	India	1.530	0.240	10.9600	2.9100	-4	20
4	Brazil	1.170	0.040	6.1400	0.1900	22	-12
5	Pakistan	10.990	3.000	5.4000	3.4500	-1	14
6	Viet Nam	0.890	1.590	5.2100	9.5100	4	5
7	Australia	0.770	0.020	4.8700	0.1200	14	4

Source: International Trade Centre, Geneva, Switzerland, 2022

India ranked third in export of cotton as a share of world exports (Table 1). Growth of import of cotton has increased whereas export growth has decreased for the year 2022. There has been ups and downs in the growth of export and imports over the years. Rising cotton prices, which make up a large portion of India's textile exports, have had a negative effect on demand in this market. Besides, the market trend is also changing rapidly switching to synthetic fabrics. China ranked first in export of cotton, covers almost 21.00 percent of world export whereas India occupies only half a share of china's export.

Table 2: Exports and imports of articles of apparel, accessories, knit or crochet 2022

Sr. No.	Country	Export as a share of total exports(%)	Import as a share of total import(%)	Export as a share of world exports(%)	Import as a share of world import(%)	Growth of exports in value (% p.a)	Growth of import in value (% p.a)
1	China	2.530	0.150	30.8200	1.6000	5	5
2	Bangladesh	47.120	0.090	10.7800	0.0300	12	9
3	Viet Nam	4.670	0.100	5.8700	0.1400	6	12
4	Germany	0.790	1.530	4.4700	9.1800	5	5
5	Italy	1.620	1.370	3.8500	3.8900	4	5
6	Turkey	4.330	0.300	3.7300	0.4100	5	15
7	India	1.810	0.110	2.7800	0.3100	2	16

Source: International Trade Centre, Geneva, Switzerland, 2022

China has the largest share of world exports (30.82 percent), highlighting its dominance as a global supplier. Bangladesh follows with a significant share (10.78 percent), leveraging its strong apparel manufacturing base (Table 2). Other countries like Vietnam (5.87 percent) and Germany (4.47 percent) contribute smaller but still notable shares to global exports. Bangladesh is heavily reliant on apparel exports, with 47.12 percent of its total exports coming from this sector, far exceeding any other country. Turkey (4.33 percent) and Vietnam (4.67 percent) also show significant dependency on apparel exports compared to industrialized nations like Germany (0.79 percent) and Italy (1.62 percent). Germany has the largest share of world imports (9.18 percent), reflecting its strong demand for apparel products. Italy (3.89 percent) and China (1.6 percent) also play notable roles in global imports.

India shows the highest growth rate in imports (16.00 percent per annum), indicating a rapidly expanding domestic market for apparel. Turkey (15.00 percent) and Bangladesh (9.00 percent) follow with high import growth rates, possibly reflecting their growing consumption or re-export activities. In terms of export growth, Bangladesh leads with 12.00 percent, followed by Vietnam (6.00 percent) and China (5.00 percent). Germany and Italy exhibit relatively balanced trade patterns, with notable shares in both exports and imports of apparel. In contrast, countries like China and Bangladesh are primarily export-oriented, while others like India and Turkey show increasing import activity in table 2.

India ranked seventh in export of articles of apparel, accessories, knit or crochet in 2022. China ranked first and it almost cover 31.00 percent of export as a share of world exports. Bangladesh and Viet Nam doing much better than India in this segment. China, again, covers around 51.00 percent and 39.00 percent of export of manmade filament and manmade staple fibre respectively whereas India ranked fifth and forth respectively.

Trade of Man-Made Filaments

Trade aspects of Man-Made elements can be ascertained by considering both exports and imports.

Table 3: Exports and imports of manmade filaments (2022)

Sr. No.	Country	Export as a share of total exports(%)	Import as a share of total import(%)	Export as a share of world exports(%)	Import as a share of world import(%)	Growth of exports in value (% p.a)	Growth of import in value (% p.a)
1	China	0.820	0.080	50.9100	4.5400	10	-8
2	Chinese Taipei	0.540	0.100	4.4300	0.8600	-3	9
3	Korea, Republic of	0.370	0.160	4.3200	2.2800	-4	2
4	Italy	0.290	0.260	3.5500	3.8300	-1	4
5	India	0.460	0.230	3.5500	3.3400	-2	16
6	Turkey	0.740	0.790	3.2400	5.7100	4	7
7	Japan	0.250	0.100	3.2100	1.8000	-4	0

Source: International Trade Centre, Geneva, Switzerland, 2022

The table 3 provides data on exports and imports of manmade filaments by various countries in 2022. China dominates the global market with 50.91 percent of world exports, showcasing its leadership in this sector, but its import growth (-8.00 percent) indicates a shift towards self-reliance. In contrast, Chinese Taipei (4.43 percent) and Korea, Republic of (4.32 percent) follow with smaller but notable shares of world exports. India demonstrates the highest growth in imports (16.00 percent) and steady global trade activity. Turkey has the largest share of imports (5.71 percent) and relatively balanced trade, reflecting significant demand and supply capabilities. Italy and Japan exhibit smaller shares but maintain stable trade patterns. While export growth varies across countries, only China shows double-digit growth (10.00 percent), signalling sustained production strength.

Table 4: Exports and imports of manmade staple fibres (2022)

Rank	Country	Export as a share of total exports(%)	Import as a share of total import(%)	Export as a share of world exports(%)	Import as a share of world import(%)	Growth of exports in value (% p.a)	Growth of import in value (% p.a)
1	China	0.400	0.060	39.0700	3.8800	3	-11
2	USA	0.110	0.060	6.2500	5.3200	0	3
3	Indonesia	0.720	0.480	5.6600	2.8500	-1	-6
4	India	0.420	0.170	5.0800	3.0900	0	8
5	Turkey	0.600	0.620	4.1100	5.6000	7	3
6	Korea, Republic of	0.220	0.100	4.0100	1.8200	-7	-2
7	Thailand	0.480	0.120	3.6900	0.9100	0	0

Source: International Trade Centre, Geneva, Switzerland, 2022

Tables 4, 5 and 7 give information on export and import of manmade staple fibres, silk, carpets and other textile floor coverings. The largest share in exports of these segment is occupied by China. India is fourth in export of manmade staple fibres, silk and third in carpets and other textile floor coverings. India's import growth is higher than its exports which is a important matter to look into.

Vietnam is progressing in exports of articles of apparel, accessories, knit or crochet, impregnated, coated or laminated textile fabric and silk as it given in tables 3, 6 and 9.

Table 5: Exports and imports of silk (2022)

Rank	Country	Export as a share of total exports(%)	Import as a share of total import(%)	Export as a share of world exports(%)	Import as a share of world import(%)	Growth of exports in value (% p.a)	Growth of import in value (% p.a)
1	China	0.030	0.000	48.2500	4.9000	-5	11
2	Italy	0.040	0.040	13.8300	19.8300	-2	-4
3	Viet Nam	0.040	0.010	7.4100	3.0100	9	-4
4	India	0.020	0.040	4.9000	16.5500	3	7
5	Uzbekistan	0.620	0.000	4.8600	0.0000	17	113
6	Romania	0.100	0.070	4.8200	5.8400	-3	-8
7	France	0.010	0.010	2.5500	5.8700	-8	2

Source: International Trade Centre, Geneva, Switzerland, 2022

Table 6: Exports and imports of wool, animal hair, horsehair yarn and fabric (2022)

Rank	Country	Export as a share of total exports(%)	Import as a share of total import(%)	Export as a share of world exports(%)	Import as a share of world import(%)	Growth of exports in value (% p.a)	Growth of import in value (% p.a)
1	Australia	0.600	0.020	20.3000	0.4700	-5	5
2	China	0.060	0.110	19.0800	27.0400	-2	-7
3	Italy	0.290	0.230	17.3600	15.2000	-4	0
4	Germany	0.030	0.040	4.5100	5.1500	-1	-4
5	Mongolia	3.630	0.050	3.8500	0.0400	6	-11
6	UK	0.080	0.050	3.4100	3.3900	-6	-4
7	Czech Republic	0.150	0.110	2.9900	2.3000	-8	-12

Source: International Trade Centre, Geneva, Switzerland, 2022

Table 7: Exports and imports of carpets and other textile floor coverings (2022)

Rank	Country	Export as a share of total exports(%)	Import as a share of total import(%)	Export as a share of world exports(%)	Import as a share of world import(%)	Growth of exports in value (% p.a)	Growth of import in value (% p.a)
1	China	0.110	0.000	23.2500	0.5700	7	-9
2	Turkey	1.110	0.020	17.0100	0.4700	6	9
3	India	0.420	0.020	11.5300	0.8900	2	4
4	Belgium	0.220	0.040	8.3600	1.5200	-5	-2
5	Netherlands	0.160	0.060	7.4900	2.6800	-1	4
6	USA	0.040	0.120	4.6900	24.3200	-6	5
7	Germany	0.030	0.070	3.4100	7.0600	-2	-1

Source: International Trade Centre, Geneva, Switzerland, 2022

China dominates Impregnated, Coated, or Laminated Textile Fabric category (Table 8), holding 35.31 percent of world exports and 5.89 percent of world imports. It is the largest exporter and importer with an

annual export growth of 6.00 percent but a negative import growth of -4.00 percent. Germany and the USA ranked second and third, they maintain moderate global export shares (9.05 percent and 7.71 percent, respectively). The USA has a higher import share (12.80 percent) and growth in imports (+3.00 percent). Viet Nam shows exceptional export growth (14.00 percent per annum) in this category and ranks highly in import growth (9.00 percent), indicating a rapidly growing textile industry.

India does not even come under top world seven ranking in the export of impregnated, coated or laminated textile fabric (Table 8) which also include technical textiles. Technical textile is now a trending market in the world. India has done good job in this market but not enough to compare with other top seven exporting countries in this segment. The production and demand for technical textiles has been growing significantly in India during last few years. The Technical Textiles contributes about 12.00-15.00 percent of the total Textile Value Chain. The comparative analysis indicates that the India is far behind to that of other countries like EU, where the TT industry constitutes 50.00 percent of the total Textile Value Chain (TVC). However, the technical textiles industry is continuously evolving with several of the traditional materials being substituted by technical textiles due to advantages such as cost and performance. Unlike conventional textiles (readymade garment and home textiles), India is yet to find a significant place in global Technical Textile market. Although slow, but a perceptible sign of growth has been observed in few specialized fields of the technical textiles production and trade. Since technical textile manufacturing activities are still in a nascent stage, the demand is growing at a rapid pace from a small base and has contributed 0.75 percent of GDP and about 12.00 percent share of the textile market in 2018. It has a high potential for growth as the end use market of the product as well as the application base of the technical textile is growing significantly during last 10 years.

The trend indicates that India’s trade in technical textiles with rest of the world has been growing during last 10 years. While the export of technical textiles has increased from US \$0.70 Bn during in 2009 to US\$ 1.93 Bn during 2018 with a CAGR of 11.99 percent. The growth in export further validates the emergence of technical textiles as an important and emerging area of the Textile and Apparel (T&A) of the country and has a potential to enhance the growth trajectory of the industry in the international market. Indian Technical Textile market is about US \$17.40 Bn during 2017-18 and US \$ 18.54 Bn 2018-19 and growing with a CAGR of about 14.00 percent during last 10 five years (Ministry of textile, 2021).

India has been importing technical textiles substantially from the rest of the world. The import of technical textile has grown from US\$ 0.87 Bn in 2009 to US \$ 2.23 Bn in 2018. India imports Technical Textile products mainly from countries like China, Taiwan, and Korea (Ministry of textile, 2021).

Table 8: Exports and imports of impregnated, coated or laminated textile fabric (2022)

Rank	Country	Export as a share of total exports(%)	Import as a share of total import(%)	Export as a share of world exports(%)	Import as a share of world import(%)	Growth of exports in value (% p.a)	Growth of import in value (% p.a)
1	China	0.280	0.060	35.3100	5.8900	6	-4
2	Germany	0.160	0.080	9.0500	4.9000	-2	0
3	USA	0.110	0.100	7.7100	12.8000	-1	3

4	Korea, Republic of	0.180	0.070	4.3500	1.9400	-1	5
5	Italy	0.170	0.080	4.0900	2.4400	1	4
6	Chinese Taipei	0.220	0.050	3.6300	0.8900	0	2
7	Viet Nam	0.280	0.490	3.6200	6.9200	14	9

Source: International Trade Centre, Geneva, Switzerland, 2022

China is again the top exporter in Other Made Textile Articles, Sets, and Worn Clothing (Table 9), commanding 44.33 percent of world exports, though its import share is negligible (0.49 percent). Export growth is steady at 8.00 percent annually, while imports decline by -6.00 percent. India and Pakistan, both South Asian countries exhibit robust export performance (7.09 percent and 6.63 percent of world exports, respectively), with India showing a balanced growth of 4.00 percent annually in exports. The USA is the largest importer (26.68 percent of world imports) but lags in exports (3.46 percent), showing a dependency on global suppliers for this category. Viet Nam reports remarkable import growth (21.00 percent per annum), underscoring increasing demand for this textile category in the country.

Table 9: Exports and imports of other made textile articles, sets and worn clothing (2022)

Rank	Country	Export as a share of total exports(%)	Import as a share of total import(%)	Export as a share of world exports(%)	Import as a share of world import(%)	Growth of exports in value (% p.a)	Growth of import in value (% p.a)
1	China	1.050	0.010	44.3300	0.4900	8	-6
2	India	1.330	0.090	7.0900	0.8000	4	6
3	Pakistan	18.120	0.650	6.6300	0.5700	8	7
4	Germany	0.200	0.370	4.0000	7.3300	3	7
5	USA	0.140	0.620	3.4600	26.6800	8	7
6	Turkey	1.090	0.070	3.2600	0.3100	8	10
7	Viet Nam	0.560	0.060	2.4600	0.3000	7	21

Source: International Trade Centre, Geneva, Switzerland, 2022

China has Dominance in Vegetable Textile Fibres, Paper Yarn, and Woven Fabric (Table 10). It leads global exports and imports, contributing 26.21 percent of world exports and 19.18 percent of world imports. Growth in exports and imports is steady at 4.00 percent annually. Bangladesh emerges as a key player with 14.98 percent of world exports and 7.31 percent of world imports, showcasing a balanced trade dynamic. Belgium follows with 10.36 percent of exports and 4.71 percent of imports. A unique case, Sri Lanka's exports as a share of total exports are 1.66 percent, reflecting heavy reliance on this sector for

national trade, though its global share remains small (3.43 percent of exports). China dominates in all the above three categories with large shares of global exports and imports, indicating its central role in the global textile industry. Countries like Viet Nam, Bangladesh, and India show strong growth trends, reflecting increasing industrial activity and trade competitiveness. Although a key importer, the USA has a smaller export presence, highlighting its dependency on external textile manufacturing.

Table 10: Exports and imports of vegetable textile fibres nes, paper yarn, woven fabric (2022)

Rank	Country	Export as a share of total exports(%)	Import as a share of total import(%)	Export as a share of world exports(%)	Import as a share of world import(%)	Growth of exports in value (% p.a)	Growth of import in value (% p.a)
1	China	0.040	0.040	26.2100	19.1800	4	4
2	Bangladesh	1.370	0.470	14.9800	7.3100	7	16
3	Belgium	0.100	0.040	10.3600	4.7100	12	11
4	France	0.100	0.010	9.7100	2.0400	5	9
5	India	0.120	0.070	8.8100	9.0300	7	12
6	Italy	0.050	0.040	6.1100	5.3400	9	12
7	Sri Lanka	1.660	0.140	3.4300	0.4500	0	3

Source: International Trade Centre, Geneva, Switzerland, 2022

Table 11: Exports and imports of special woven or tufted fabric, lace and tapestry (2022)

Rank	Country	Export as a share of total exports(%)	Import as a share of total import(%)	Export as a share of world exports(%)	Import as a share of world import(%)	Growth of exports in value (% p.a)	Growth of import in value (% p.a)
1	China	0.170	0.010	46.9800	3.1200	5	-10
2	Hong Kong, China	0.130	0.060	6.0400	3.7300	-8	-11
3	Chinese Taipei	0.120	0.010	4.3600	0.2400	-3	-6
4	Italy	0.080	0.040	4.2700	2.8000	0	-1
5	Germany	0.030	0.020	4.1400	2.4500	-2	-1
6	Turkey	0.170	0.050	3.4200	1.7300	-1	-1

7	USA	0.020	0.030	3.2000	8.8000	-5	5
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Source: International Trade Centre, Geneva, Switzerland, 2022

This analysis underscores the diversity in global textile trade performance, with specific countries excelling in certain niches while others show strong growth potential.

Exports and Imports of Indian Textile Sector

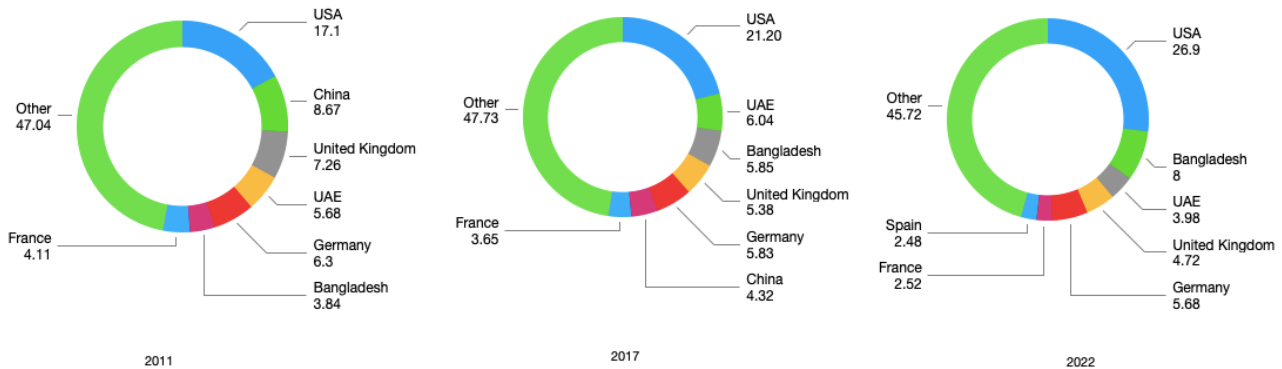
As one of the world’s largest producer of textiles and apparel, India presently ranks behind China as the world's second-largest manufacturer of textiles and garments. The sector is divided into three broad categories - Textiles (fibre, yarn, and fabrics); Garments and; Made-ups (Bed sheets, curtains etc.). India is present across all parts of the value chain. The textile and apparel industry represents over 4.00 percent of India’s total GDP and more than 14.00 percent of the country’s export earnings yearly, making it India's largest manufacturing sector. Despite the nation's goal to reach USD 50 billion in exports by 2030 and become a global export powerhouse, the textile industry is facing challenges. India was the world's fifth-largest exporter of textiles in 2023, with \$37.5 billion in exports, ranking as the sixth most exported product in the same year. The United States (\$9.71 billion), Bangladesh (\$2.64 billion), Germany (\$2.03 billion), the United Kingdom (\$1.82 billion), and the United Arab Emirates (\$1.68 billion) were the top destinations for India's textile exports, while the United States (\$462 million), China (\$4.95 billion), Bangladesh (\$1.13 billion), Vietnam (\$484M), the United States (\$462 million), and Indonesia (\$292 million) were the country's top importers with \$10.2 billion in 2023. Yet, India’s exports cannot compete with those of China, if the two countries are compared.

The world's top exporter of textiles, China shipped \$261 billion worth of textiles in 2023. In the same year, China's second-most-exported product was textiles. The United States (\$36.1 billion), Vietnam (\$17.9 billion), Japan (\$16.7 billion), Germany (\$10.6 billion), and South Korea (\$9.74 billion) are China's top export destinations for textiles. China became the world's seventh largest importer of textiles in 2023, bringing in \$28.2 billion. Textiles were China's thirteenth most imported product in 2023. The top five countries from which China imports textiles are Vietnam (\$4.25 billion), Italy (\$2.44 billion), the United States (\$2.24 billion), Australia (\$2.18 billion), and Japan (\$1.96 billion) (Observatory of Economic Complexity, 2023).

In 2023, China exported USD 114 billion worth of garments, followed by the EU (USD 94.4 billion), Vietnam (USD 81.6 billion), Bangladesh (USD 43.8 billion), and India with just USD 14.5 billion. From 2013 to 2023, Bangladesh's garment exports grew by 69.60 percent, Vietnam's by 81.60 per cent, and India's by only 4.6 per cent. As a result, India's global market share in garment trade has declined from 2015 to 2022. The share of knitted apparel dropped from 3.85 percent to 3.10 percent, and the share of non-knitted apparel decreased from 4.60 percent to 3.70 percent. The garment imports, too, surged by 47.90 percent, from USD 1.06 billion in 2018 to USD 1.56 billion in 2023. Textile imports also saw a notable increase of 20.86 percent, from USD 5.77 billion to USD 6.97 billion (Business Standard, 2024).

The following figure shows the overall export and import destinations of Indian textile industry.

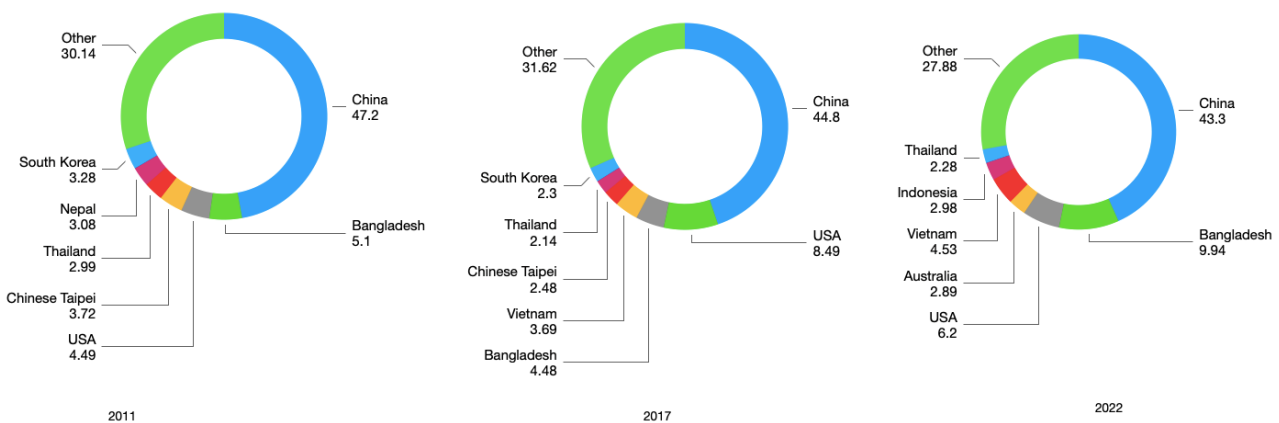
Figure 1: Indian Export Destinations (2011, 2017 and 2022)



Source: Observatory of Economic Complexity (OEC), 2022

Major chunk of India’s textile export goes to the USA followed by Bangladesh, UAE, United Kingdom, and Germany in 2022. If we compare the export destinations for the years 2011, 2017 and 2022 we could see that china’s import from India has decreased over the years. It is contradictory to India’s imports from China, which has remained more than 40.00 percent of the total textile import throughout the years. India’s import from Bangladesh and Vietnam has also increased. India’s export to UAE has increased initially from 5.68 percent in 2011 to 6.04 percent in 2017 but later decreased drastically from 6.04 percent in 2017 to 3.98 percent in 2022. This can be as a result of global slowdown and post-covid effect. India’s export to United Kingdom and Germany has consistently decreased from 7.26 and 6.32 in 2011 to 4.72 and 5.68 in 2022 respectively. India’s exports to US has consistently increased over the years. India’s import of textiles has increased from the countries like Bangladesh, Vietnam, USA and Indonesia. New competitors have emerged especially from developing countries such as Bangladesh, and Vietnam.

Figure 2: Indian Import Destinations (2011, 2017 and 2022)



Source: Observatory of Economic Complexity (OEC), 2022

Industry-wise bifurcation can give more precise details about which textile industry is flourishing and which one needs to be given attention to. This information can also help to understand the conclusive reason for its downfall. The following table 12 focuses on the export and import data of textile industries for the year 2017 and 2022 except Wool, animal hair, horsehair yarn and fabric thereof , Special woven

or tufted fabric, lace, tapestry etc, Vegetable textile fibres nes, paper yarn, woven fabric industries for which the available data is for the year 2018 and 2022. The exports in cotton has increased marginally whereas imports has increased at a larger scale resulted in decrease in net trade value. Manmade filament and manmade staple fibre industry's net trade value has decreased drastically. Its import has doubled. In other textile industries like Articles of apparel, accessories, knit or crochet, Wool, animal hair, horsehair yarn and fabric thereof, Special woven or tufted fabric, lace, tapestry etc indicate poor export growth. Some textile industries like Impregnated, coated or laminated textile fabric exports has increased which is a good sign yet require drastic change to overcome the competition in the world market and also to cope with changing trends in the textile industry.

Table 12: Exports and Imports of India (2017)

Industry	Exports in value	Imports in value	Net trade in value	Exports as a share of total exports (%)	Imports as a share of total imports (%)	Exports as a share of world exports (%)	Imports as a share of world imports (%)
Cotton (2017)	69,17,797	11,55,386	57,62,411	2.35	0.26	12.14	2.32
Articles of apparel, accessories, knit or crochet (2017)	83,49,952	3,15,720	80,34,232	2.83	0.07	3.74	0.16
Carpets and other textile floor coverings (2017)	17,52,250	1,03,190	16,49,060	0.59	0.02	11	0.73
Impregnated, coated or laminated textile fabric (2017)	2,25,769	7,93,981	-5,68,212	0.08	0.18	0.9	3.58
Manmade filaments (2017)	21,26,090	8,10,352	13,15,738	0.72	0.18	4.55	1.93
Manmade staple fibres (2017)	21,45,196	6,42,326	15,02,870	0.73	0.15	6.21	1.72
Other made textile articles, sets, worn clothing etc (2017)	49,62,248	4,31,035	45,31,213	1.68	0.1	7.83	0.76
Silk (2017)	76,580	2,50,704	-1,74,124	0.03	0.06	3.63	14.47

Wool, animal hair, horsehair yarn and fabric thereof (2018)	1,88,450	3,85,650	-1,97,200	0.060	0.0800	1.290	2.7200
Special woven or tufted fabric, lace, tapestry etc (2018)	3,70,296	2,04,499	1,65,797	0.110	0.0400	2.890	1.8400
Vegetable textile fibres nes, paper yarn, woven fabric (2018)	4,19,255	3,26,232	93,023	0.130	0.0600	8.630	7.0900

Source: International Trade Centre, Geneva, Switzerland, 2017

Table 13: Exports and Imports of India (2018)

Industry	Exports in value	Imports in value	Net trade in value	Exports as a share of total exports (%)	Imports as a share of total imports (%)	Exports as a share of world exports (%)	Imports as a share of world imports (%)
Cotton (2022)	69,42,508	17,48,944	51,93,564	1.530	0.2400	10.960	2.9100
Articles of apparel, accessories, knit or crochet (2022)	82,03,782	8,10,466	73,93,316	1.810	0.1100	2.780	0.3100
Carpets and other textile floor coverings (2022)	19,11,601	1,43,089	17,68,512	0.420	0.0200	11.530	0.8900
Impregnated, coated or laminated textile fabric (2022)	3,94,326	8,87,177	-4,92,851	0.090	0.1200	1.360	3.4600
Manmade filaments (2022)	20,60,816	16,83,547	3,77,269	0.460	0.2300	3.550	3.3400
Manmade staple fibres (2022)	18,87,098	12,43,706	6,43,392	0.420	0.1700	5.080	3.0900

Other made textile articles, sets, worn clothing etc (2022)	60,20,944	6,24,535	53,96,409	1.330	0.0900	7.090	0.8000
Silk (2022)	94,768	2,74,048	-1,79,280	0.020	0.0400	4.900	16.550
Wool, animal hair, horsehair yarn and fabric thereof (2022)	1,63,716	3,28,847	-1,65,131	0.040	0.0400	1.380	2.8700
Special woven or tufted fabric, lace, tapestry etc (2022)	3,45,525	2,42,875	1,02,650	0.080	0.0300	2.660	2.2200
Vegetable textile fibres nes, paper yarn, woven fabric (2022)	5,43,326	5,07,912	35,414	0.120	0.0700	8.810	9.0300

Source: International Trade Centre, Geneva, Switzerland, 2017

Tables 12 and 13 indicate that the exports in manmade filaments and staple fibres have decreased from 4.55 percent in 2017 to 3.55 percent in 2022 and 6.21 percent in 2017 to 5.08 percent in 2022 respectively as the share of world exports whereas the imports has increased from 1.93 percent in 2017 to 3.34 percent in 2022 and 1.72 percent in 2017 to 3.09 percent in 2022 respectively as share of world imports. In many industrial categories, the import is rising from 2017 to 2022 as share of world imports and export is falling as share of world exports.

FDI Inflows to India

Foreign Direct Investment (FDI) plays a crucial role in the economic development of industries worldwide. As one of the most significant contributors to employment and trade, the textile industry benefits immensely from foreign capital and expertise. FDI enhances productivity, improves product quality, and provides access to international markets, leading to growth in both exports and imports. One of the most significant advantages of FDI in the textile sector is its impact on exports. Foreign investments bring in financial resources, technological advancements, and improved manufacturing techniques, all of which contribute to increased production and enhanced competitiveness in global markets. Understanding the positive sides of FDI for the betterment of the textile sector, its growth is imperative for gaining competitiveness in the world market. If we look at the data of FDI inflows in India in textile sector, it might come to the conclusion that textile sector must focus on gaining the confidence of investors. The cumulative FDI in Indian textile sector from 2000-01 to 2014-15 is approximately US \$1.5 billion. During the initial years, the FDI inflows in textiles was very low. Growth has been seen immediately after Multi-fibre Agreement (MFA) phase out in 2005, depicting the confidence of the foreign investors in the Indian textile industry. It is noteworthy despite the manufacturing competitiveness, T&A sector attracted average share of 0.40 percent in the total FDI inflows in country from 2000-01 to 2014-15. The cumulative amount of FDI Equity inflows from January 2000 to March 2024 is Rs. 43,47,001 Cr and out of which in textile

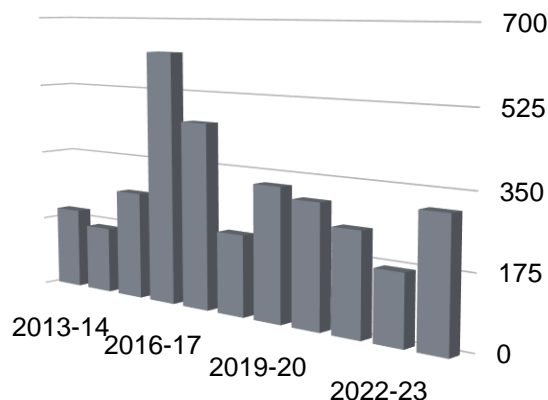
sector is Rs. 28,304.10 Cr which is 0.66 percent of the total inflow. The FDI growth in Indian textile sector has been very low showing lack of confidence in this industry. Though India has old history of textile industry, cheap labour and availability of value added-chain, there has always been an issue in its growth and development since liberalisation especially after MFA phase out (Ministry of Commerce and Industry, 2024).

Table 14: Inflow of Foreign Direct Investment in India

Year	Values in USD Millions
2011-12	165.2
2012-13	103.9
2013-14	198.9
2014-15	162.9
2015-16	264.6
2016-17	619.0
2017-18	454.5
2018-19	198.1
2019-20	323.5
2020-21	298.7
2021-22	247.8
2022-23	169.1
2023-24	309.7

Source: Department of Industrial Policy & Promotion, Ministry of Commerce and Industry, Govt. of India, 2024

Figure 1: Inflows of Foreign Direct Investment in India



Source: Derived from Table 14

On the other hand, it is also important to understand the negative sides of FDI, while FDI fuels export growth, it also contributes to an increase in textile imports. This occurs primarily due to the need for high-quality raw materials, advanced machinery, and foreign-brand penetration. While FDI drives both exports and imports in the textile industry, a country must strike a balance to maximize economic benefits, otherwise the imports will increase more than the exports. To maximize the benefits of FDI, governments should implement strategies that promote sustainable growth, ensuring that increased exports offset import dependencies while fostering a competitive and globally integrated textile industry.

Man-made Fibre: World Trade and its Rising Importance

The two primary types of man-made fibres (MMF) are cellulosic and synthetic. Cellulosic fibres come from wood pulp, while synthetic fibres are made from crude oil. The three primary types of synthetic staple fibres are polypropylene, polyester, and acrylic. Cellulosic fibres include modal, viscose, and others. Man-made fibre textiles are those composed of these cellulosic and synthetic fibres. However, in addition to textiles created entirely of synthetic fibres, mixtures of natural and synthetic fibres, primarily cotton, are currently more popular.

As global fashion trends change, there is a growing demand for man-made fibre (MMF) textiles as an alternative to cotton. At the moment, MMF accounts for 72.00 percent of the world's textile fibre usage, while 28.00 percent is made of natural fibre. MMF textiles' increasing popularity over other fiber-based goods can be attributed to their superior performance, wide range of uses, lower product cost, ease of maintenance, and limitless design options for lifestyle and applications. Further, it is anticipated that the global fibre consumption will be in favour of man-made fibres as there is an inherent limitations of growth of cotton and other natural fibres (Ministry of Textile, 2021). In 2017-18, fabrics dominated India's total MMF exports with 33.00 percent share, while yarn made up 32.00 percent, as per a study by the Ministry of Textiles. India's share in global MMF trade was 2.70 percent in 2019.

On domestic market, the contribution of manmade & blended textiles in overall demand is 56.17 percent and have grown at a CAGR of 4.78 percent from 2014 to 2018. The contribution of blended textiles has played a major role in the overall share of domestic demand of textiles. The major concern for the domestic market is the increasing import of MMF textiles in the post-GST period. The growing import of apparels, fabrics, home textiles and technical textiles is a matter of concern for the domestic industry.

Table 15: Top 10 Man-made Textile and Apparel Exporters in the World (2010-2019)

Exporters	2010	2012	2014	2017	2018	2019	% share (2019)	CAGR
China	85.76	113.17	140.8	127.85	137	137.11	39.31	5.35
Vietnam	4.51	7.4	11.34	14.93	17.78	20.7	5.93	18.44
Germany	12.3	12.95	14.46	14.53	16.25	15.75	4.52	2.79
Italy	9.92	10.82	12.1	11.55	12.34	12.06	3.46	2.2
Turkey	7.28	9.36	10.89	10.26	11.14	11.41	3.27	5.12
USA	8.8	10.43	11.22	10.44	10.62	10.25	2.94	1.7

India	5.75	7.48	9.94	10.63	9.59	9.48	2.72	5.71
Spain	3.74	4.96	6.78	8.09	8.71	8.59	2.46	9.69
Korea	8.53	9.63	9.63	8.43	8.75	8	2.29	-0.71
Belgium	6.71	6.78	7.51	7.28	8.08	7.53	2.16	1.3
Top 10	153.12	192.73	234.3	223.36	239.74	240.36	68.91	5.14
RoW	80.59	90.57	100.62	98.02	107.29	108.42	31.09	3.35
Total	233.71	283.3	334.92	321.38	347.02	348.78	100	4.55

Source: Department of Industrial Policy & Promotion, Ministry of Commerce and Industry, Govt. of India, 2021

With a 39.00 percent global share, China is the largest exporter of Man-made textiles and apparels, followed by Germany, Vietnam, and others. India comes in at number seven in the exports of Man-made textiles and apparels. In terms of MMF exports, Vietnam is the country with the strongest growth (18.44 percent), followed by Spain (9.69 percent) and India (5.71 percent CAGR). Vietnam has been at the forefront of reclaiming space that China has vacated over the past five years.

The top ten global exporters of manufactured textiles and apparel are listed in Table 15. As can be seen, China leads the market with a 39.31 percent share of global exports, with other nations trailing far behind. About 2.57 percent of all exports come from India. The top ten exporters account for roughly 69.00 percent of global exports, with the rest of the globe contributing the remaining 31.00 percent. Vietnam has the highest compound annual growth rate (CAGR) of 18.44 percent over the ten-year period from 2010 to 2019. Vietnam is actually the world's second-largest exporter. Over the same year, Indian exports grew at a pace of 5.41 percent, which is greater than the global growth rate of 4.55 percent. It may be noted that India's export of other fibre based T&A has grown by 2.33 percent (Ministry of Textile, 2021), the manmade based products export have grown by 5.41 percent during the last ten years (Ministry of textile, 2021). This indicates that India's Man-Made Textile and Apparel demand is increasing at the world level but lesser than the demand for Man-Made Textiles and Apparel in Vietnam.

Table 16: Top 10 Man-made Textile and Apparel Importers in the World (2010-2019)

Importers	2010	2012	2014	2017	2018	2019	% share (2019)	CAGR
USA	30.32	37.56	42.8	46.07	48.71	48.82	15.15	5.43
Germany	15.86	16.98	20.25	19.86	21.34	20.63	6.4	2.97
Japan	13.84	19.03	17.77	16.57	18.09	17.68	5.49	2.76
UK	11.6	12.06	14.74	12.95	13.53	13.42	4.17	1.63
Vietnam	3.96	5.43	7.19	8.8	10.01	13.34	4.14	14.45
France	9.51	10.21	11.78	11.36	12.41	12.19	3.78	2.79

Spain	5.55	6.27	8.49	9.52	10.59	10.63	3.3	7.49
China	10.92	11.98	12.05	10.87	11.21	10.61	3.29	-0.32
Italy	8.7	8.7	10.02	9.6	10.01	9.69	3.01	1.2
Korea	4.17	5.47	7.11	7.32	8.29	8.33	2.59	8
Top 10	114.43	133.68	152.2	152.92	164.18	165.33	51.32	4.17
RoW	106.5	124.91	138.3	143.19	156.23	156.82	48.68	4.39
Total	220.93	258.59	290.5	296.11	320.41	322.15	100	4.28

Source: Department of Industrial Policy & Promotion, Ministry of Commerce and Industry, Govt. of India, 2021

Table 16 shows the import of top 10 manmade textile and apparel importers in the world. It can be observed that USA dominates with 15.15 percent share of total imports (\$ 48.82 billion), followed by Germany (6.40 percent) and Japan (5.49 percent). Top 10 importers contribute more than half of the imports (51.32 percent) of total imports. In terms of 10 years growth rate from 2010 to 2019, Vietnam tops with 14.45 percent CAGR followed by Korea (8.00 percent) and Spain (7.49 percent).

The fibre composition of Indian textile exports is skewed towards cotton textiles as it contributes 45.35 percent to the export basket of textiles as compared to 30.50 percent by manmade fibre textiles. (Ministry of textile, 2021) Exports of Indian MMF textiles witnessed consistent growth till 2014-15. However, due to global financial crisis and consequent uncertainties that had prevailed in 2015, India’s exports of man-made fibre textiles also declined. An analysis of India’s export performance in manmade fibre textiles reveals that the export ratio of cotton to manmade is skewed in favour of cotton with approximately 45:31 (45.00 percent cotton and 31.00 percent MMF textiles) in 2019, while the ratio is about 35:43 for the world.

Table 17: India’s Top 10 Export Partners of Manmade T & A Products from 2010 to 2019 (in US\$ million)

Countries	2010	2012	2014	2017	2018	2019	% share (2019)	CAGR
USA	439.94	776.45	1177.47	1583.28	1630.07	1648.25	17.38	15.81
UAE	775.18	748.71	1233.09	1811.45	819.02	709.68	7.48	-0.98
UK	271.45	443.67	587.61	593.17	605	601.81	6.35	9.25
Turkey	302.18	492.23	597.99	561.01	527.66	482.89	5.09	5.35
Germany	168.64	232.4	339.52	420.97	410.41	382.39	4.03	9.52
Bangladesh	139.62	176.01	323.88	405.56	347.58	356.67	3.76	10.98
Spain	102.44	206.14	292.29	302.16	330.21	324.99	3.43	13.69

Brazil	273.19	318.43	341.15	374.03	397.73	298.57	3.15	0.99
France	84.58	113.89	222.76	205.38	227.16	214.39	2.26	10.89
Italy	105.67	145.76	189.52	189.86	200.24	170.46	1.8	5.46
Top 10	2662.9	3653.68	5305.29	6446.86	5495.07	5190.1	54.72	7.7
RoW	3091.16	3827.31	4630.07	4186.59	4097.2	4294.59	45.28	3.72
Total	5754.06	7480.99	9935.36	10633.45	9592.27	9484.69	100	5.71

Source: Department of Industrial Policy & Promotion, Ministry of Commerce and Industry, Govt. of India, 2021

Table 17 reflects India’s top 10 export partners of manmade textile and apparel products from 2010 to 2019. It can be observed that USA is the major export partner for India with 17.38 percent share followed by UAE with 7.48 percent share. In fact, USA is not only the top contributor in India’s exports but also exports in USA market have grown (15.81 percent CAGR) significantly higher than other markets. On the other hand, the CAGR for world market was 5.71 percent between 2010 and 2019.

The countries like USA, Turkey, Korea, Egypt, China and Brazil have high textile manufacturing costs whereas the manufacturing costs for textiles in India and Indonesia are lesser compared to the manufacturing costs in the developed countries including China and Brazil in the BRICs. This comparative and competitive cost advantage of India is also likely to attract substantial FDI into the Indian Textile industry (Ministry of textile, 2021).

Table 18: India’s Import of Manmade T & A products from Top 10 Countries (in US\$ million) (2010-2019)

Countries	2010	2012	2014	2017	2018	2019	% share (2019)	CAGR
China	875.06	1202.12	1560.54	1666.42	1772.12	1918.49	50.16	9.11
Indonesia	80.78	81.3	110.71	130.54	219.81	255.94	6.69	13.67
Vietnam	17.03	38.81	78.7	142.24	194.29	218.02	5.7	32.75
Thailand	99.12	109.56	126.34	128.71	156.19	166.3	4.35	5.92
Japan	76.13	99.36	118.71	102.67	109.53	123.51	3.23	5.52
Korea	88.41	116.1	93.27	111.04	138.65	117.82	3.08	3.24
Taiwan	142.88	172.85	175.23	126.25	130.53	113.78	2.97	-2.5
USA	52.24	86.19	89.85	74.88	85.16	84.37	2.21	5.47
Germany	65.32	102.67	96.12	76.29	88.32	84.21	2.2	2.86
Hong Kong	14.86	16.58	30.37	40.38	57.04	81.34	2.13	20.79

Top 10	1511.85	2025.53	2479.87	2599.42	2951.65	3163.76	82.71	8.55
RoW	298.92	317.22	429.97	450.3	687.52	661.24	17.29	9.22
Total	1810.77	2342.74	2909.83	3049.72	3639.17	3824.99	100	8.66

Source: Department of Industrial Policy & Promotion, Ministry of Commerce and Industry, Govt. of India, 2021

Table 18 portrays the India’s import of manmade textile and apparel products from top 10 countries from 2010 to 2019. It can be observed that more than half of the India’s import of manmade textiles and apparel products come from China (50.16 percent). India imports about 82.71 percent of its total requirement from the top 10 countries. In terms of growth rate between 2010 and 2019, overall, India’s imports have grown at a CAGR of 8.66 percent while the import from four countries Vietnam (32.75 percent), Hong Kong (20.79 percent), Indonesia (13.67 percent) and China (9.11 percent) have grown faster than world growth rate.

The Current Issues Affecting the Exports of Indian Textile Industry and its Remedies:

In addition to being the world's second-largest producer of cotton and silk, India leads the world in the production of many textile items. It also produces around 70.00 percent of the world's jute, making it a global leader in this field. Furthermore, after China, the nation has the second-largest vertically integrated production base in terms of capacity. The nation benefits greatly from this leadership position, including a vast raw material base and manufacturing strength throughout the value chain. The value chain encompasses processing, clothing, spinning, and weaving.

Rising Imports and Domestic Prices:

The Indian textile industry contributes approximately 15.00 percent to the country's export earnings. In 2022, textiles, handicrafts and apparel accounted for 10.60 percent of India's total exports. Barring a decline in 2020 and 2021, exports have risen steadily since 2016. Textile and apparel exports rose to their highest level in 2022, reaching US\$ 44.4 billion and growing at 33.40 percent over 2021. But, again in 2023 the exports has come down. Exports have increased 13.90 percent since 2016 till 2022 in textile and apparel industry. In 2022, the US was the top export destination, accounting for 27.00 percent of textile exports, followed by the EU (18.00 percent) and Bangladesh (12.00 percent) (IBEF, Sep 30 2022), yet the development in exports has not spread equally throughout the textile industries. Some have failed to gain from the advantages of these industries. It still has huge capacity of production. From the analysis of exports of textile and apparel sector, it has been observed that this sector is facing ups and downs and there no continuous pattern of growth is observed.

Higher domestic fibre prices are the primary cause of the increase in MMF fabric imports, since they are making it difficult for local spinners, knitters, weavers, and processors to provide at competitive pricing. Manufacturers have been hardest hit, both for the domestic market and for businesses focused on exports. Rising imports of man-made fibre (MMF) fabrics, or perhaps more accurately, widespread dumping of these fabrics, have been posing an almost insurmountable threat to India's major textile hubs of Ludhiana, Surat, and Erode. Because of their low prices and significant market share in India, fabrics are imported from China. There is a great threat of rising imports from China. This is because China dump fabrics in the international market. In the last three years of 2019-20, MMF fabric imports have doubled and most

of it is knitted synthetic fabrics. It is not just imports, but under-invoicing of imported finished fabrics creates a major issue. For this the government should issue a notice to Customs for stopping clearance of fabrics that are priced below a certain value at the ports. Rising import of MMF fabric and relatively higher domestic prices of MMF fibres are severely impacting local spinners, knitters, weavers and processors as they are unable to supply at competitive prices. This has hit both, the local and export manufacturers, and the downstream industry.

Problems regarding Quality Control Orders (QCOs) and Goods and Service Tax (GST):

Indian textiles are predominantly cotton-based. The products of MMF are not very innovative. The pioneers in this field have been China, Thailand, and Korea. For the past 15 years, India have been out-priced on the raw material front. In India only small value additions are done. There is a big push from Western brands but India lacks on the part of capabilities. As China is the biggest player in MMF, it is desperate to sell its raw material at any cost as its customers are looking at other countries for sourcing it. From this, we might infer that China has a significant impact on global prices (Preetha, 2024). Besides, India's introduction of Quality Control Orders (QCOs) on MMF fibres is severely impacting the entire value chain. There is too much quality control at almost every stage of value addition. The government has introduced QCOs on polyester raw materials, polyester fibre and yarn, and viscose fibre that makes Bureau of Indian Standards (BIS) certification mandatory for these products, even if they are imported. Any textile mill that produces MMF yarn have to get the yarn tested for BIS standards. This is a problematic situation for the small-scale mill that spends lakhs on testing yarn. The government should start with QCOs for garments. That is left open for imports and it has introduced QCOs for fibre. This has led fibre prices to go up. But, that garment and fabrics is imported without any quality control. It should not be mandatory at the yarn stage. Ultimately, the final product matters the most for which the quality control standard should be made compulsory. The fabrics that are imported and do not come under quality check turned out to be a blend of cheaper fabrics. The sellers usually use brand names to push any type of blended fabric into the market. In this market, the imports and QCOs on fibre seem only to drag down the industry, not just the MMF sector but the promising technical textiles segment too (Preetha, 2024). When GST was introduced in July 2017, MMF fibre and yarn were levied 18.00 Percent duty and fabric was five Percent. From November in 2017, the tax on yarn was reduced to 12.00 percent (M Preetha, 2024). There should be a uniformity and consistency in GST rates at different stages of value addition in textile sector as differentiated rates would create nothing but confusion among manufacturers and suppliers. The rates should also be kept at reasonable level as higher rates could reduce the competition in the market.

Complex Procedures of Directorate General of Foreign Trade (DGFT):

According to Global Trade Research Initiative, issues like complex procedures of DGFT and customs, import restrictions and domestic vested interests are holding up the export growth of the Indian garment sector. At the root of the exporters' problem is difficulty in obtaining quality raw fabric, particularly synthetic fabric. This is because of high import duties on fabrics and intricate procedures of DGFT Customs that force exporters to meticulously account for every inch and type of fabric imported. Besides, the imposition of mandatory quality norms on raw materials like polyester and viscose staple fibres is complicating imports. The BIS (Bureau of Indian Standards) slowly registers foreign suppliers which causes delay and this delay compels exporters to buy from domestic monopolies at higher prices (Business

Standard, 2024). A complex maze discourages even the most enterprising exporters. This will cause the industry to lose its competitive base in the world market. There are two solutions for the same. On the one hand, Innovation and technology can make available good quality material in the domestic market and ultimately the exporters need not to be depended on the imported material and go through complex procedures for the clearance, on the other, it should reduce import restrictions and simplify the procedures for importing good quality material as per high exports' standards. But this can make the industry to depend more on imported MMF.

The DGFT's import policy circular of 2001 makes all imports of textiles accompanied by a Pre-shipment Inspection Certificate (PSIC) issued by a Textile Testing Laboratory which is accredited to the National Accreditation Agency of the supplier country. This circular exempts imports for export purposes, yet Customs does not allow such imports without a PSIC and subjects all textile goods to mandatory compliance requirements for customs examination. This causes tremendous stress on the clearance of shipments daily. The firms need to obtain advance authorisations from DGFT for importing duty-free inputs for export production. It also currently requires that non-utilised authorisations surrendered to directorate must be accompanied by a non-utilisation letter/certificate from Customs. This requirement increases transaction costs and effort for the authorisation holder. Sometimes, Customs is reluctant to issue such letters that causes delay. Further, the DGFT system allows up to 500 characters to describe export items in an authorisation, but the Customs Shipping Bill only allows 120 characters. This discrepancy leads to incomplete descriptions being visible to DGFT. As a result, DGFT requires exporters to obtain attested invoices or shipping bills with full descriptions from customs that further makes the procedure more complicated. Besides, the directorate should issue import entitlements in value terms rather than looking into the actual consumption of the inputs as input consumption norms fixed by the DGFT are over 25 years old. Fashion changes frequently which affects the consumption of fabric and other inputs that makes old norms impractical. Another issue is the DGFT requires EPCG (Export Promotion Capital Goods) authorisation holders to submit an annual report on the fulfilment of their Export Obligation (EO) by June 30th each year. These reports need approval from DGFT after submission. Until the report is approved, the authorisation holder cannot make other requests, such as installing imported capital goods or closing the authorisation (Business Standards, 2024). It is suggested that annual reporting should be eliminated as the directorate already receives details of every import/export shipment from ICEGATE (Indian Customs National Trade Portal), that makes annual reports redundant.

Conclusion:

The Indian textile industry stands at a critical juncture, balancing vast potential with formidable challenges. India's textile industry has long been a pillar of the country's economy, contributing significantly to employment, exports, and industrial output. However, despite its strong heritage and vast production capacity, the industry faces numerous challenges that threaten its global competitiveness. The country's trade position in textiles has been increasingly challenged by nations like China, Vietnam, and Bangladesh, which have capitalized on cost efficiencies, favorable trade policies, and better-integrated supply chains.

A key concern affecting India's trade competitiveness is its dependence on raw material imports, coupled with high import duties on essential textile inputs. While India has a strong domestic supply of natural fibers like cotton, the industry heavily relies on imports for synthetic and specialized fibers such as polyester and aramids, which are crucial for technical textiles and value-added exports. High tariffs and

complex regulatory structures further exacerbate the situation, making Indian textile products less competitive in global markets. The imposition of Quality Control Orders (QCOs) and the inconsistent GST structure have further complicated the operational environment for domestic manufacturers.

India's free trade agreements (FTAs) and export policies also play a crucial role in shaping its textile trade position. India needs to renegotiate trade deals and push for more favorable export policies that lower trade barriers and enhance its access to major global markets. Indian textile manufacturers struggle to compete on price due to higher production costs, inadequate infrastructure, and outdated technology in certain segments. To overcome these hurdles, India must invest in modernizing textile manufacturing, enhancing automation, and improving logistics efficiency to reduce overall production costs. Encouraging domestic production of man-made fibers, investing in research and development (R&D) for high-value textile products, and streamlining regulatory frameworks can help strengthen India's trade position. Additionally, expanding the technical textiles segment—which has seen increasing global demand—can provide India with new avenues for export-led growth.

By addressing structural inefficiencies, improving ease of doing business, and fostering innovation, India can position itself as a more competitive and resilient player in the global textile industry.

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