

CONSULATE GENERAL OF INDIA SAN FRANCISCO

CLOTHING AND TEXTILES – FASHION WORLD

A. OVERVIEW

The textile and clothing industry is the second most important economic activity in India after agriculture in terms of employment generation. It is also one of the major sources of export earnings for the country. Indian textiles are world famous for magnificent workmanship and each state produces its own unique embroidery expressing the lifestyle and customs of its people.

accounts for 25% of the global area of around 33.4 million hectares. However, in terms of production, India accounts for 20% of world production. This is primarily because of lower productivity of around 560 kgs per hectare as against global average of 788 kgs



per hectare in 2007.¹ Cotton textiles constitute more than 2/3rd of India's exports of all fibres/yarns/made-ups. During 2007-08, cotton textiles exports have amounted to \$6.85 billion, recording a healthy increase of 23.14% over the exports during the previous year².

India has the second-largest yarn-spinning capacity in the world, accounting for roughly 20 percent of the world's spindle capacity. India's spinning segment is fairly modernized; approximately 35 to 40% of India's spindles are less than 10 years old. India also has the largest number of looms in place to weave

fabrics, accounting for 64% of the world's installed looms. However, 98% of the looms are accounted for by India's powerloom and handloom sectors. Composite mills account for 2% of India's installed looms and 4% of India's fabric output.³

India also produces finest quality silk today with the introduction of Bivoltine silkworm races. India has the distinction of cultivating all the four

**Textile Exports - Top Ten Countries during
April-November 2008-09 and April-November 2009-10**

Sl. No.	Country	Rs. Crore			US \$ Million			% Share April-November 2008-09	% Share April-November 2009-10 [P]
		April-November 2008-09	April-November 2009-10 [P]	% Growth	April-November 2008-09	April-November 2009-10 [P]	% Growth		
1	U S A	12522.71	11865.40	-5.25	2846.23	2464.16	-13.42	20.07	18.90
2	U Arab Emts	5081.75	5352.78	5.33	1153.02	1112.81	-3.49	8.13	8.54
3	U K	4941.05	4620.08	-6.50	1128.54	959.29	-15.00	7.96	7.36
4	Germany	4359.59	4010.72	-8.00	995.38	832.49	-16.36	7.02	6.39
5	France	2415.21	2413.50	-0.07	551.90	501.05	-9.21	3.89	3.84

(Source: Ministry of Textiles, Govt of India)

India ranks among the top target countries for any company sourcing textiles and apparel. Indeed, few countries can match the size, spread, depth, and competitiveness of the Indian textile and apparel industry. Moreover, the global elimination of quotas at the end of 2004 has greatly enhanced the opportunities for sourcing from India.

India ranks first in cotton cultivated area in the world engaging around 6 million farmers in its cultivation. Productivity of cotton growing in India has also improved though there is still significant scope for further improvement in this regard. In terms of area under cotton cultivation, India

¹ <http://www.texmin.nic.in/sector/note-cotton.pdf>

² <http://www.texmin.nic.in/sector/note-technical-textiles-ammt.pdf>

³

http://www.usitc.gov/publications/332/working_papers/pub3401.pdf

commercially known varieties of silk and ranks 2nd in the world in terms of silk production at 14%. The domestic production of raw silk is not adequate to meet domestic and export demand and as a result India has to import raw silk of approximately 7700 tonnes of high quality mulberry raw silk. The exports of silk goods are steadily growing because of increasing demand mainly from USA and European countries. Exports have increased from Rs. 2,294.05 crores in 2002-03 to Rs 3,338.35 crores in 2006-07, showing an increase of about 46%. In 2008-09 silk exports during April to December show an increase of about 24.6% to Rs. 2,370.61 crores when compared to the same period of 2007-08, Rs. 1,903.23 crores⁴.



The woollen textiles industry of India provides employment to 2.7 million workers in a wide spectrum of activities. It is the 7th largest producer of wool and contributes 1.8% to total world production. A small quantity of speciality fibre is obtained from Pashmina goats and Angora rabbits. 85% of the wool is used in carpet making with only 5% used for apparels. India mainly imports wool for its apparel industry. The government plans to increase the yield of speciality wool fibre viz. Pashmina and Angora and increase wool yield per animal by 25%⁵.

India's textiles and clothing export has observed ups and downs in recent times. It was anticipated that India with a strong supply chain linkage from fibre to garments would be a major beneficiary in the quota free regime and trends observed in Indian textiles exports during the first two years of post quota period also indicated this. However, for the Indian textiles industry which depends almost exclusively on domestic sources the strong appreciation of Indian rupee vis-à-vis the US dollar in 2007-08 landed the textiles and clothing exports in a difficult situation. This was established by the fact that India's share in

global textiles and clothing exports in 2007 declined to 4% and 2.8%, respectively from 4.3% and 3.3% in 2006.

At current prices the Indian textiles industry is pegged at US\$ 52 billion, 64% of which services domestic demand. The textiles industry accounts for 14% of industrial production; employs 35 million people and accounts for nearly 12% share of the country's total exports basket. Textiles Ministry expects exports to increase to \$90-\$100 billion within the next 25 years. Approximately 60% of textile exports and over 70% of apparel exports from India are to the US and EU 27 markets⁶.

The Ministry of Textiles has set up FDI Cell to promote Foreign Direct Investment. Enquiries can be made to :

Deputy Economic Adviser, Room No 550, Ministry of Textiles, Udyog Bhavan, New Delhi-110011.

Phone: +91-11-23061380

e-mail: promodita@nic.in

web: http://www.texmin.nic.in/fdi/fdi_home.htm

B. Bilateral Developments

USA is the biggest importer of clothing and apparel in the world. The 3 main classifications of clothing imported into the US are broadly classified under Apparel and Clothing Accessories not Knitted (HTS code 62), Knitted Apparel and Clothing (HTS code 61) and Made up Textiles (HTS code 63). India's total exports to USA of clothing and apparel totaled \$4.06 billion compared to \$4.37 billion in 2008⁷.

The European Union is the single largest market for India's textiles products, accounting for 34% of India's total textiles exports, followed by USA which accounts for nearly 25%. Other important countries are the UAE, Saudi Arabia, Canada, Bangladesh, China, Turkey and Japan. Indian exports to the USA, which is currently passing through a recessionary phase, have recently registered a decline

⁴ <http://www.texmin.nic.in/sector/Silk-Industry-central-silk-board.pdf>

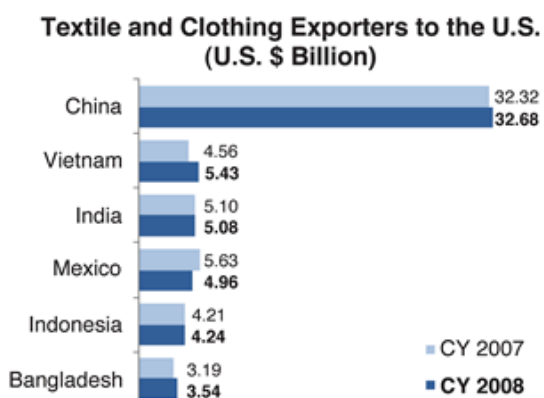
⁵ <http://www.texmin.nic.in/sector/Note-Woollen-Sector-wwt-skbabban.pdf>

⁶ http://www.fibre2fashion.com/news/apparel-news/newsdetails.aspx?news_id=79847

⁷ http://dataweb.usitc.gov/scripts/cy_m3_run.asp?F1m&Phase=HTS4&cc=5330&cn=India

Apparel and Clothing , not Knitted (HTS code 62) comprised 40.48% of the total with sub code HTS 6204 of women’s suits, dresses, skirts, etc taking the lions share totaling \$589 million (35.8%). Within this code sub code HTS 6214 Shawls, Scarves, Mufflers, etc saw a huge increase of 41.42% to \$90.1 million compared to the 2008 export figure of \$63.7 million.

Knitted and Crocheted Apparel and Clothing (HTS code 62) totaled \$1.233 billion in 2009 compared to \$1.326 billion in 2008. However 3 items represented by sub codes HTS code 6108 – women’s slips, petticoats, briefs, panties,



Source: OTEXA, Third Eyesight Analysis.

nightdresses, pajamas, negligees, bathrobes and similar articles , knitted or crocheted, HTS code 6111 – babies garments and clothing accessories, knitted or crocheted and HTS code 6104 – women’s suits, ensembles, suit-type jackets, blazers, dresses, skirts, divided skirts, trousers, etc, knitted or crocheted saw increases in 2009 compared to 2008 of 17.8%, 32.3% and 4.2% respectively⁸.

Made-up Textile Articles Nesoi Needlecrafts Sets Worn Clothing and Worn Textiles Rags (HTS code 63) totaled \$1.185 billion in 2009 compared to the 2008 figure of \$1.26 billion. Sub code HTS code 6302 represented \$926.6 million (78.18%). Sub code HTS code 6301 – Blankets and Traveling Rugs saw an improvement in 2009 over 2008 by 37.86% to \$47.88 million⁹.

⁸

http://dataweb.usitc.gov/scripts/cy_m3_run.asp?F1m&Phase=HTS4&cc=5330&cn=India

⁹

http://dataweb.usitc.gov/scripts/cy_m3_run.asp?F1m&Phase=HTS4&cc=5330&cn=India

Multinational VF has set up joint ventures with Indian company Arvind Ltd. It markets Wrangler, Lee, Nautica, JanSport, and Kipling products through VF Arvind Brands Private Ltd. VF also has sourcing relationships with manufacturers in India¹⁰.

C. Some Recent Developments

Minister of Textiles, Mr. Dayanidhi Maran, led an Indian delegation to participate in Magic Apparel and Accessories Shows at Las Vegas from 30 Aug. to Sept.2, 2009. He was accompanied by Shri Rakesh Vaid, Chairman, AEPC, Shri V.L. Velayutham,

Chairman, Cotton Textiles Export Promotion Council, Shri G.K. Gupta, Chairman, Synthetic and Ryon Export Promotion Council (SRTEPC), Shri V.K.



Singh, SG, AEPC. Magic Trade Show is a major show in Northern USA in the area of textiles and apparel. The visit was aimed at significantly enhancing India's exports promotion efforts in USA. The delegation also met with the representatives of the industry associations to attract FDI in the textiles sector and also in the textiles machinery manufacturing.

Minister of Textiles Mr. Dayanidhi Maran inaugurated in February 2010 two cotton sales depots at Coimbatore and Rajapalayam, which have been set up by the Cotton Corporation of India Limited (CCI) under the Depots Sale Scheme. These depots will store bales from cotton producing States like Gujarat and Maharashtra and sell to local mills. Mills will be able to procure quality cotton from these depots at their doorstep, and this measure will enable the textiles mills to reduce the yarn cost by approximately Rs. 2 per kg. Tamil Nadu was a major beneficiary under the Technology Upgradation Fund Scheme (TUFS) receiving Rs 18,933 crore which amounted to 28% of the total subsidy disbursed¹¹.

¹⁰ <http://www.vfc.com/about/global-presence>

¹¹ <http://www.fibre2fashion.com/news/association-news/ministry-of-textiles-india/newsdetail>

The Apparel International Mart (AIM) has been constructed at Gurgaon in Haryana with a covered area of 3.5 lakh sq.ft., where International buyers can converge at one single source to access their requirements and conduct on-the-spot business.

The International Apparel Federation (IAF) organized the 25th World Apparel Convention on November 19th and 20th at Delhi in cooperation with the Clothing Manufacturers Association of India (CMAI). Union Textiles Minister Mr Dayanidhi Maran inaugurated the convention and inter alia noted that most of the top global apparel retailers have their scouring network in India like JC Penny, Nautica, Dockers, Bed Bath and Beyond, Target, Kohl's, Liz, cK, pirit, M&S, GAP, United Colors of Benetton, Mango, Zara and Dillard's. Mr Jyotiraditya Scindia, Union Minister of State for Commerce and Industry also addressed the gathering. The Minister for Textiles recalled that he had led a Industry delegation to Las Vegas from 30 August to September 2, 2009 and had invited the major international players to collaborate with Indian textiles industry in manufacture of fabric and garmenting, setting up of Green Field units in textiles machinery, manmade fibre and yarn and create brand equity with Indian apparel companies. He said that the response has been overwhelming and that he expected to get positive results very soon. ¹²



The IWTO Wool Round Table 2009 was held in New Delhi, India on the 18th and 19th of November, 2009 where around 40 leading woolen and worsted manufacturers met with representatives from grower nations to discuss strategies on "hoe to market wool" under the current market conditions. The Wool Round Table was held parallel to the annual convention of International Apparel Federation (IAF) with whom IWTO cooperates. The President of IWTO stated that holding the Wool Round Table in India highlighted the significance and importance of the Indian wool textile industry,

¹² http://www.fibre2fashion.com/news/textile-news/newsdetails.aspx?news_id=79374

which is the 2nd largest textile industry in the world, and the 4th largest importer of wool for apparel textiles¹³.

The Institute of Apparel Management (IAM) promoted by the Apparel Export Promotion Council (AEPC), and the Indian Institute of Foreign Trade (IIFT) signed a memorandum of understanding (MOU) for launching a four-month executive management education programme on apparel export management to start from April 2009. IAM had also started talks with educational institutions in the US, Britain and Canada.¹⁴

D. Upcoming Events

I. Apparel Export Promotion Council (AEPC) is organizing the 30th India Knit Fair 2010 at Tiruppur, India on April 21-23, 2010..

II. The 45th India International Garment Fair, one of Asia's largest apparel and clothing trade shows is going to be held at India Exposition Centre in New Delhi from 12th July to 14th July, 2010. <http://www.indiaapparelfair.com/>

III. The India International Textile Machinery Exhibitions Society (India ITME Society) is organizing ITME EXPO 2010 from October 18-21, 2010 at Bombay Exhibition Centre in Mumbai.

IV. 7th Edition of Fabrics & Accessories Trade Show is being held from 4-6 June 2010 in Bangalore. More details at <http://www.fandashow.com>

For any queries, please contact:

Mehrnoosh Khorshidchehr,
Commercial Assistant
Consulate General of India
San Francisco
com@cgisf.org

¹³ http://www.fibre2fashion.com/news/textile-news/newsdetails.aspx?news_id=79632

¹⁴ http://www.fibre2fashion.com/news/fashion-news/newsdetails.aspx?news_id=69894