

India has USD 60 billion export opportunity

According to an MVRDC Research Study, India can explore USD 60 billion export opportunity in the textile sector by benefitting from the China +1 strategy being adopted by global textile buyers and also from the supply disruption in Pakistan amidst unprecedented flooding.

The pandemic and the uncertain weather events have prompted global textile buyers to diversify their sourcing from countries such as India, which has competitive advantage in 248 textile products (at 6-digit HS Code) ranging from fibre to readymade garments. India has competitive advantage in this market because it already commands more than 5% global export share in these 248 textile products. However, our global export share in none of these products is more than 50% because of stiff competition from China and Pakistan.

China and Pakistan together export USD 60 billion worth of these 248 products annually, which presents an opportunity for India to capture their export market. Of the USD 60 billion exports, China itself accounts for USD 52 billion exports, while Pakistan accounts for the remaining USD 8 billion.

The major buyers of China and Pakistan are USA, Japan, UK, Australia, Malaysia, Vietnam, Togo, Nigeria, Benin and Gambia. India can explore textile market in these countries, where buyers may be looking for diversifying their import sources to make their supply chain resilient.

These 248 products include women's dresses of synthetic fibre, terry towels, women's track suits of man-made fibre, polyester yarn, cotton babies garments, cotton fabrics, carpets and floor coverings, cotton bed linen etc..

India's export competitiveness

The annual world export of textile and clothing products is USD 901 billion or 4% of world merchandise exports. India's annual textile and clothing products exports is hardly USD 44 billion, which means 5% share in world exports. China is the world leader in textile exports as it has a share of 34%, while Pakistan has a share of 2%. India can increase its share in world exports by capturing the market of China in these 248 textile commodities.

Textile is also the major contributor to India's merchandise exports as it has a share of 11% in our overall merchandise export basket, compared to 9% for China and 4% for the entire world. For Pakistan, textile is the single largest export segment as it accounts for 61% of its merchandise exports.

Considering that China has 34% share in world export of textiles and clothing, India can benefit from the China + 1 strategy of global textile buyers. As the following table shows, India features in the top 10 rank in world export across 14 categories of textile products (classified at HS 2 digit level), export in three

categories. These three categories are woolen textile and the two categories of technical textile, viz. 1) wadding, non-woven & special textiles and 2) impregnated, coated, covered and laminated textile (technical textiles).

Considering that India features in the top 10 rank in the other 11 categories of textile products (at HS 2 digit level), there is significant scope for our country to improve this ranking by capturing the market of China and Pakistan.

For details regarding the specified 248 commodities please email us at research@wtcmumbai.org.

Notifications

PIB

Preliminary merchandise export data for the month September.

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1864921>

DFS modifies Emergency Credit Line Guarantee Scheme (ECLGS) to give Civil Aviation sector necessary collateral-free liquidity at reasonable interest rates to tide over their present cash flow problems

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1865314>

DPIIT notified the establishment of the Credit Guarantee Scheme for Startups (CGSS)

<https://www.pib.gov.in/PressReleasePage.aspx?PRID=1865796>

DGFT

Clarification on issues related to rice export

<https://content.dgft.gov.in/Website/dgftprod/7a63af70-49f5-4ee1-b11b-62ee777fb2c0/Trade%20Notice%2018%20dt%2004.10.2022.pdf>

CBIC

Exchange rate notifications

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2022/cs-nt2022/csnt87-2022.pdf>

RBI

Issuance of Concept Note on Central Bank Digital Currency

https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=54510