

## **India can explore untapped export potential in manmade fibre textile**

India's manmade fibre (MMF) textile industry holds tremendous export potential, especially in target markets such as USA, Vietnam, Bangladesh, Brazil and Turkey, according to a report by the Synthetic & Rayon Textiles Export Promotion Council (SRTEPC). Manmade fibre textiles are those made out of synthetic and cellulosic fibres. Synthetic fibres are produced from crude oil and the main varieties are polyester, acrylic and polypropylene. On the other hand, cellulosic fibre is made of wood pulp and some of its varieties are viscose fibre and modal.

Manmade fibre accounts for 72% of global textile fibre consumption and this proportion is expected to grow further in the coming years as synthetic fibre may become a preferred alternative of cotton and other natural fibres with changing fashion trends.

India has a strong synthetic fibre manufacturing industry as it ranks second in world production of viscose and polyester, the major manmade fibres. There are more than 25 lakh powerlooms in the country, majority of them are small scale units. Currently, India exports around USD 6 billion worth of manmade fibre textile and it accounts for 16% of the overall textile exports of the country. Around 33% of manmade textile exports is in the form of yarn, while another 32% is in the form of fabrics, 26% in the form of made-up articles and 9% in the form of fibre. Among made-ups, India exports motifs, shawls, scarves, muffler, fishing nets, blankets, rope, sacks, furnishing articles, tulle, bedsheets etc. Major markets for Indian manmade fibre are: USA, Turkey, UAE, Brazil, Sri Lanka, Egypt, Germany etc.

According to a recent report by Synthetic & Rayon Textiles Export Promotion Council, India has the potential to capture the global market, that is largely served by Chinese exporters. For instance, India can explore export opportunities in USA, Vietnam, Bangladesh, Brazil and Turkey, which are the top five export markets for China. While China exports USD 4.02 billion of manmade textile to USA, India exports hardly USD 637 million. Similarly, Vietnam imports USD 3.8 billion worth of textile from China compared to USD 103 million from India. Bangladesh, Brazil and Turkey import respectively USD 1.71 billion, USD 628 million and USD 556 million from China as against their corresponding import of USD 396 million, USD 319 million and USD 491 million from India. Thus, together, these five countries import USD 10.8 billion worth of manmade fibre textile from China, as against USD 1.9 billion from India.

### **Segment-wise export potential:**

According to the report by the council, India can tap export potential in made-up textile in USA, fabrics in Vietnam, Bangladesh and Brazil and yarn in Turkey. As can be seen from the following table, currently, China is the major supplier of these products to USA, Vietnam, Bangladesh and Brazil and India's exports makes a small proportion of overall Chinese exports to these countries. For instance, India supplies hardly USD 307 million worth of manmade made-up textile to USA, while China supplies USD 2.9 billion worth of made-up textile to USA. The small proportion of India's exports vis a vis Chinese exports reflects the growth potential in India's exports to these countries as they look for alternative source of imports in the post-pandemic world.

Focus market	Focus segment	Import from China (USD million)	Import from India (USD million)	Ratio of India's exports to Chinese exports
USA	Made-ups	2928.93	307.96	11%
Vietnam	Fabrics	3101.42	61.66	2%
Bangladesh	Fabrics	994.94	197.24	20%
Brazil	Fabrics	373.07	7.64	2%
Turkey	Yarn	258.4	6.66	3%

**Source: Synthetic & Rayon Textiles Export Promotion Council**

In the made-up sector, India can export blankets, tarpaulin, curtains and shawls to USA, while it can export knitted or crocheted fabrics of dyed synthetic fibres to Vietnam. Bangladesh and Brazil hold market potential for pile fabrics and dyed woven fabrics of man-made fibres. India can explore untapped export potential for polyester yarn of various varieties.

Media reports suggest that Government of India is taking steps to transform India into a global hub for production and export of textile in the post-COVID world. The government is reportedly planning to introduce a production-linked incentive scheme for man-made textile sector and also correct the differential taxation structure. Under the current GST structure, manmade textile attracts higher GST (18% for fibre, 12% for yarn and 5% for fabric), while cotton textile attracts uniform 5% GST across the value chain. The government is also working to correct the inverted duty structure in the manmade fibre textile sector, where indirect tax rate on raw material is higher than that on finished goods.

## Notifications

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