

India is eyeing \$25 bn apparel exports by 2012

The apparel export industry provides employment to 2.5 million workers directly and three million indirectly, earns foreign exchange of Rs.50,000 crore annually. Textiles Minister Dayanidhi Maran recently asked the domestic apparel industry to target \$25 billion worth of garment exports by 2012, up from \$22 billion recorded in the last financial year.

Approximately half of our textiles production is exported and textiles exports contribute 13.5% to country's merchandise exports. Still our presence in international textiles trade is minimal. The prime reason for our low share in international trade is the pre dominance of low value items in our export baskets and our insignificant presence in man-made textiles which predominate in textiles trades with a 70% share.

The Textiles Minister said that Indian textiles and apparel exports are expected to register four folds increase to touch US\$ 90-100 billion in the next twenty five years. Approximately 60% of Indian exports of textiles and over 70% of clothing are to USA and EU markets, and there is an urgent need to broaden product mix and explore new markets, while maintaining and increasing Indian textiles and clothing share in core markets through product innovation and diversification.

The Minister said that we are also concentrating on the US and European Union, our traditional markets. The US textiles and clothing market will come out of recession soon and my recent visit there has immensely helped exporters to grab a large chunk of market, said Thiru. Maran. He hoped that if sustained efforts are made by the industry, the country can capture additional US\$ 1.5 billion textile and clothing export in US market, which will also help to generate additional employment opportunities.

The Minister said that recognizing the importance of foreign investment in textiles sector, he had recently led a industry delegation to Tokyo, Las Vegas, Zurich, Milan and Istanbul and invited the major international player 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 Company. The response has been overwhelming and expects to get positive results very soon.

Salient features of the Indian garment industry

- India is the 12th largest economy in the world in terms of GDP
- It is 2nd most attractive nation for foreign direct investment in the world, after China.
- India's GDP is expected to grow at the rate of 7% during 2009.
- India's total textile and apparel market (Domestic and exports) accounted for 61 billion dollars.
- In last five years, total market size has grown 12% year-on-year
- Domestic T&C market accounted for 39 billion dollars.
- Out of which clothing market accounted for 27 billion dollars with a share of 69.23 per cent.
- Apparel exports contribute around 6 per cent to India's overall exports and 48 per cent to textile exports.

Strength of Indian apparel industry:

- a) Integrated supply chain: Presence of entire textile value chain viz. fibre, spinning, weaving, knitting, processing, garmenting - Capacity for "Full Package Supply"
- b) Lower labour cost in India; comparatively lower cost of production
- c) Availability of skilled labour
- d) Good availability of raw cotton, yarn and fabric
 - a. India is the 2nd largest producer of cotton
 - b. Largest producer of jute
 - c. 2nd largest producer of silk
 - d. 3rd largest producer of Cellulosic fibre/yarn
 - e. 5th largest producer of Synthetic fibres/yarn

Weakness of Indian apparel industry:

- Small and disintegrated production units
- Poor Infrastructure
- High input cost

(Data are provided by AEPC)