

Trends in Exports of MMF Apparels

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MANMADE VS NATURAL

- As we all know, Cotton was the primary fibre for universal usage.
- Manmade fibers surpassed Cotton as the dominant fiber since the mid-1990s when they overtook cotton volumes and has continued to grow faster thereafter as compared to all other fibers.
- In 2018, the global fiber production was 110 million tons in which share of MMF is around 72 % of which synthetic filament is around 50 million tons (45% share), synthetic staple is 22 million tons (20% share), Cellulosic fibre 7 million tons (7% share) of the global fiber production in 2018.
- The domestic fibre consumption ratio in India at present is 40:60 between man-made fibres and natural fibres, which is almost opposite to the global fibre consumption trends.
- Synthetic fibres gaining importance are recycled polyester, nylon, tensile/lyocell, viscose, etc. and emerging segments having major applications of MMF such as Technical Textiles, Home textiles, Active textiles, etc.

GLOBAL EXPORT OF APPAREL

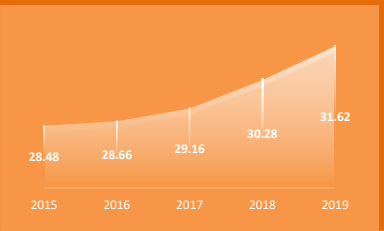
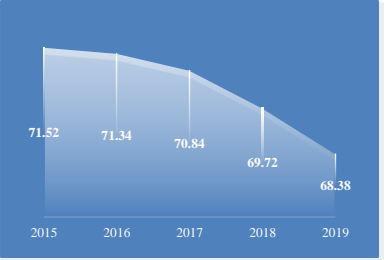
Commodity	Exports in 2015 (In US\$ mn.)	Exports in 2016 (In US\$ mn.)	Exports in 2017 (In US\$ mn.)	Exports in 2018 (In US\$ mn.)	Exports in 2019 (In US\$ mn.)	% Growth during last 5 years
Global T & A Exports	769867.33	753669.50	788681.47	834745.58	821349.76	6.69%
Global Exports of Apparel	437950.42	433133.63	449333.66	475783.23	475071.86	8.48%
% share of Apparel in Global T & A Export	56.89%	57.47%	56.97%	57.00%	57.84%	

SOURCE: ITC Trade Map

- Current global exports of textile & apparel (T & A) are US\$ 821.35 billion in which the share of apparels is around 58%.
- Global exports of apparels have grown 8.48% during last 5 yrs. Whereas exports of T & A grown by 6.69%
- However, share of apparels in global exports of T & A has marginally grown and hovering around 56 to 57% during last five years.



GLOBAL EXPORT OF MMF APPAREL

Commodity	Exports in 2015 (In US\$ mn.)	Exports in 2016 (In US\$ mn.)	Exports in 2017 (In US\$ mn.)	Exports in 2018 (In US\$ mn.)	Exports in 2019 (In US\$ mn.)	% Growth during last 5 years
Global MMF Apparel exports	124713.84	124127.12	131041.96	144089.73	150218.60	20.45%
% share of MMF Apparel in Global Apparel Export	28.48%	28.66%	29.16%	30.28%	31.62%	
Global exports of Cotton, Wool, Cashmere, Silk, and other blended Apparel	313236.59	309006.52	318291.71	331693.50	324853.25	3.71%
% share of Cotton, Wool, Cashmere, Silk, and other blended Apparel in Global Apparel Export	71.52%	71.34%	70.84%	69.72%	68.38%	

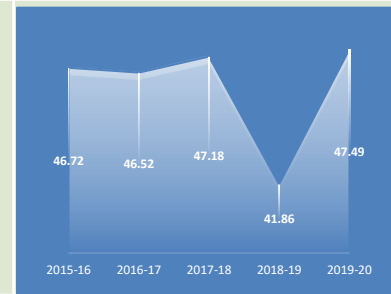
SOURCE: ITC Trade Map

- Current global exports of MMF apparels are around US\$ 150 billion and exports have increased 20.45% during last five years.
- Share of MMF apparels in global apparel exports have steadily been increasing, whereas share of apparels made of Cotton, wool, silk and other natural and blends have been gradually declining from 71.52% to 68.38% during last five yrs.



INDIA'S EXPORT OF APPAREL

Commodity	Exports in 2015-16 (In US\$ mn.)	Exports in 2016-17 (In US\$ mn.)	Exports in 2017-18 (In US\$ mn.)	Exports in 2018-19 (In US\$ mn.)	Exports in 2019-20 (In US\$ mn.)	% Growth during last 5 years
India's T & A Exports	36727.41	36477.4	36747.84	37497.68	34221.63	-6.82
India's Exports of Apparel	17158.48	16968.07	17338.13	15695.87	16250.80	-5.29
% share of Apparel in India's T & A Export	46.72	46.52	47.18	41.86	47.49	

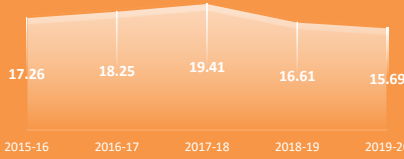
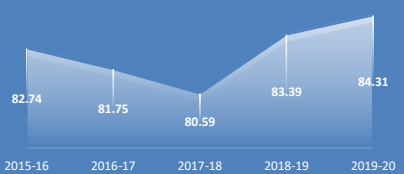


SOURCE: DGCI&S

- Current India's exports of textile & apparel (T & A) are US\$ 34.22 billion in which the share of apparels is 47.49%.
- Exports of India's T & A have grown by 6.82% during last 5 yrs. Whereas exports of apparels grown by 6.29%.
- Share of apparels in exports of Indian T & A has also marginally grown and hovering around 47% during last five years.



INDIA'S EXPORT OF MMF APPAREL

Commodity	Exports in 2015-16 (In US\$ mn.)	Exports in 2016-17 (In US\$ mn.)	Exports in 2017-18 (In US\$ mn.)	Exports in 2018-19 (In US\$ mn.)	Exports in 2019-20 (In US\$ mn.)	% Growth during last 5 years
India's Exports of MMF Apparel	2961.68	3097.46	3365.11	2607.19	2549.71	-13.91
% share of MMF Apparel in India's apparel Export	17.26%	18.25%	19.41%	16.61%	15.69%	
India's Exports of Cotton, Wool, Silk, and blended Apparel	14196.80	13870.61	13973.02	13088.68	13701.09	-3.49
% share of Exports of Cotton, Wool, Silk, and blended Apparel in India's apparel Export	82.74%	81.75%	80.59%	83.39%	84.31%	

SOURCE: DGCI&S

- Current exports of Indian MMF apparels are around US\$ 2.55 billion and contrary to global trends exports have declined 13.91% during last five years.
- Contrary to global trends, share of MMF apparels in total exports Indian apparels have declined from 17.26% to 15.69%, whereas share of apparels made of Cotton, wool, silk and other natural and blends have been gradually increased from 82.47% to 82.31% during last five yrs.

MMF APPAREL IS THE ALTERNATIVE

- ❖ MMF being the most affordable fibre, the apparels made from MMF are the apparel of the masses.
- ❖ The share of MMF apparels has been increasing globally whereas in India MMF apparels share has been going down.
- ❖ Contrary to the global trends, in India the MMF apparels ratio is 16: 84 whereas the global ratio is 32: 68.
- ❖ We have huge scope to grow in the MMF apparel segment and to catch up with the emerging global trends in the textile industry.
- ❖ India being the producer having vertically integrated textile value chain/ presence in most of the fibres, almost all filaments/yarns, fabrics, etc. enjoys distinct advantage in the textile and apparel segment.
- ❖ Given the future demand expected to be largely in favour of manmade fibre based textiles and apparels, special attention is required to boost production of manmade fibres and their consumption and in India.



FUTURE SCOPE

- ❖ The young, dynamic and risk-taking entrepreneurs is a profound advantage for the Indian textile and apparel segment.
- ❖ The future for the Indian Apparel segment is promising, buoyed by strong domestic demand as well as export demand.
- ❖ Presence of most of the leading buying houses, retail chains and international players in India and opening up of export opportunities globally have promised continued demand for Indian textiles and apparels.
- ❖ Emerging trade dynamics, growing foothold in major markets in EU, USA, LAC, etc. are going to give further leverage to Indian textile and apparel segment.



SUPPORT/ INITIATIVE REQUIRED FROM THE GOVERNMENT

- Garmenting segment in India is fragmented, decentralised and operating in an unorganised way with dominance of MSMEs. Government needs to facilitate more integrated setups for encouraging value additions including garmenting in India
- Include entire textile value chain under the RoDTEP Scheme by rebating all the taxes paid like VAT electricity fuel tax coal cess around 7% at every stage including the fibre, yarn, fabrics, etc. which will help in economising the manufacturing cost and consequent prices of the downstream products.
- Indian labs need to be fully equipped with state-of-the art technology to test and certify as per International standards.
- Indian companies with the support from the Government must focus on creation of the Indian Textile Brands which is the need of the hour. Current global visibility of the MMF textile industry is inadequate. In line with the successful apparel brands such as INDITEX (ZARA), Hennes & Mauritz, Gap, Marks & Spencer, etc. from EU and USA, India also needs to have textile brands that will have global presence.



SUPPORT/ INITIATIVE REQUIRED FROM THE GOVERNMENT

- ❖ Government should take aggressive steps to change the global perception on the Indian MMF textile value chain.
- ❖ The prevailing Inverted Duty Structure under the GST regime needs to be rectified by ways of applying a single rate of GST @5% on the entire MMF textile value chain including apparel in line with cotton. This will significantly impact on making MMF garments more price competitive.
- ❖ GST refund on Capital goods import/ domestic procurement needs to be allowed to encourage more investment in plant and machinery in the textile industry in India. Capital goods, machinery, state-of-art technology, etc. are inevitable for the textile industry to have better efficiency and ensure the quality.
- ❖ We should start thinking an alternative to the multilateral trade monitoring body like WTO as its existence has been in question. If unfortunately, this happens, then countries would be freed from their obligation to apply most MFN tariffs on imports from other WTO members. Countries all around the world will raise their respective tariff walls as there will be no control. What will it be favourable for us. We should look at all possibilities and be ready for the future.



THANK YOU



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