

## Strategies to enhance readymade garment exports

India's exports of readymade garments declined 39% during April-September 2020 to USD 4.7 billion from USD 7.8 billion in the year ago period because of the global economic downturn led by the COVID pandemic. However, India has the potential to recover the lost export momentum if it focuses on target markets and also adopts product diversification as identified by the Apparel Export Promotion Council.

The Council suggested diversification of export basket by increasing shipment of those goods that have high demand in the global market and where India's share in world exports is less than 2%. There are eight apparel products where India's share in world exports is less than 2%. These are: womens' or girls' trousers of cotton and synthetic fibres, men's or boy's trousers of synthetic and cotton fibres, jerseys, pullovers and brassieres of all types of textile materials. The Council suggested several measures to enhance India's exports of these goods. Some of the suggested measures are: training in product development, provision of subsidy for technology adoption and special efforts for marketing in global market.

There is also a need for greater focus on export of women's or girls' nightdresses and pyjamas where India has a competitive advantage over China. Major importers of nightdresses and pyjamas are USA, Germany, UK, Italy and France. India's share in world export of these products is already 13% and still there is huge scope for enhancing our exports. China and Bangladesh have higher share in world exports in this category, with their respective shares of 26% and 15%.

The Council also suggested market diversification to make our export performance more resilient to global demand shocks. There are 31 countries whose annual demand for readymade garment is more than USD 1 billion, while India's exports to each of these markets is less than USD 250 million. These markets are Japan, South Korea, Canada, Belgium, Poland, Switzerland, Russia, Austria, Australia and others. Annual import of readymade garments by Japan and South Korea is USD 28 billion and USD 10 billion respectively. Even though India has duty free access to these two markets under its free trade agreement, our exports to Japan and South Korea are hardly USD 207 million and USD 54 million respectively. Therefore, Japan and South Korea have the highest market opportunity among the 31 potential markets. Currently, the largest exporters of readymade garments to South Korea are Vietnam and China. India is the 12<sup>th</sup> largest exporter in this category to South Korea. In the Japanese market, India's export share is even lower than that of other exporters such as Cambodia, Myanmar and Indonesia.

Other potential markets where India can export with low duty are Singapore and Malaysia. Export of readymade garment may get a boost if India finalises its ongoing free trade agreement negotiations with Canada, Switzerland and Norway, the Council pointed out in a report.

The Council also suggested Indian apparel exporters to explore market opportunities in USA and European Union by taking advantage of the US-China trade war and the adverse sentiment against China in the post- pandemic world. For instance, India has potential to export jerseys, pullovers, men's trousers, T-Shirts, women's trousers to USA and European Union. Currently, China is the major supplier

of these goods to EU and USA. But India can capture these markets if it can position as a cost-efficient and reliable supplier in these product categories.

## Notifications

### PIB

Eighth meeting of India-UAE high level joint task force

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1669792>

PIB's Daily Bulletin on COVID 19

<https://pib.gov.in/PressReleaseDetail.aspx?PRID=1669801>

### CBIC

Exchange rate notification

<https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-act/notifications/notfns-2020/cs-nt2020/csnt104-2020.pdf>