

Indian Apparel Exports – How to optimize its social dividends?

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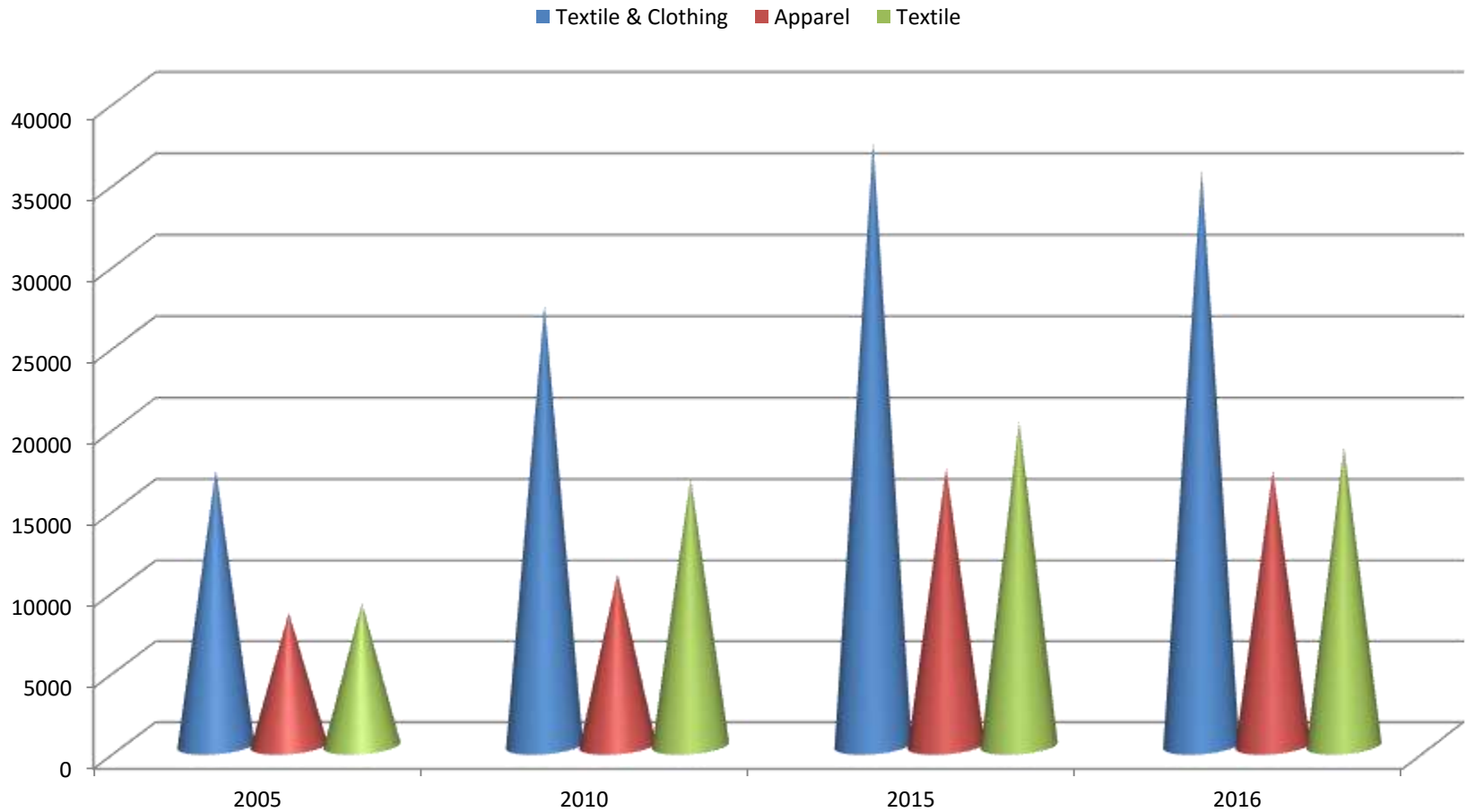
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Trade Facts

1. World Garment Trade – US\$ 458 billion – Decline of 3% over over the last year.
2. India ranks 6th with 3.7% world share.
3. Apparel sector, the second largest manufacturer and exporter of textile and apparel in the world has also been growing.
4. India's total textiles exports to world is US\$ 37.2 bn. with a share of 14% in 2015 and its GDP contribution in India's economy is 6%.
5. RMG export sector contributes 6.5% share in the India's overall commodity exports in 2015 (Total Commodity (USD 264 bn.).
6. Providing employment to 11.22 million jobs, Apparel is an important focus sector for India.

Have we moved towards value added exports?



How has the post quota performance been?

Rank in 2015	Countries	Exports in US\$ Bn.				Share in %			
		2005	2010	2015	CAGR 2005-15 in %	2005	2010	2015	CAGR 2005-15 in %
	World	269.5	347.3	458.5	5.5	100.0	100.0	100.0	0.0
1	China	65.9	121.1	162.3	9.4	24.5	34.9	35.4	3.8
2	Bangladesh	6.8	14.8	30.1	16.0	2.5	4.3	6.6	10.0
3	Viet Nam	4.6	10.1	23.3	17.7	1.7	2.9	5.1	11.6
4	Italy	17.7	18.6	19.4	0.9	6.6	5.3	4.2	-4.3
5	Hong Kong, China	25.6	22.9	17.4	-3.8	9.5	6.6	3.8	-8.7
6	India	8.2	10.6	17.1	7.6	3.0	3.1	3.7	2.1
7	Germany	11.7	16.9	16.6	3.6	4.3	4.9	3.6	-1.8
8	Turkey	11.5	12.4	14.9	2.6	4.2	3.6	3.2	-2.7
9	Spain	4.2	7.4	11.9	10.9	1.6	2.1	2.6	5.1
10	France	7.8	9.2	10.0	2.5	2.9	2.7	2.2	-2.8
11	Indonesia	4.9	6.5	10.0	7.4	1.8	1.9	2.2	1.9
12	Cambodia	2.2	3.0	9.2	15.3	0.8	0.9	2.0	9.3

Have we diversified our markets?

India's RMG Exports

	2005	2010	2015	CAGR
India's total RMG exports	8200.7	10604	17131.2	7.6
USA	2686.4	2787.1	3774.4	3.5
EU	3719.3	4926.3	6255.2	5.3
UAE	441.2	991.1	3460.9	22.9
Saudi Arabia	193	241.7	301.2	4.6
Brazil	21	40.5	150.9	21.8
Canada	263.4	227	251.6	-0.5
Malaysia	35.1	58.8	136.4	14.5
Japan	106.3	123.7	183.6	5.6
Australia	49.6	69.7	152.3	11.9
% of these in Total RMG exports	91.6	89.3	85.6	-0.7
Total countries exported to	190	190	195	

Market access gains from FTAS?

	Import from World, In USD Mn.						% Change 2015/2014	% CAGR 2010-2015
Country	2010	2011	2012	2013	2014	2015		
Chile	1734.7	2382.1	2519.9	2680.8	2812.3	2598.7	-7.6	8.4
Japan	25269.2	31110.9	32037.5	31783.4	29364.9	26856.5	-8.5	1.2
Korea, Republic of	4124.1	5722.0	5903.7	7135.3	8032.7	8055.4	0.3	14.3
Malaysia	309.6	560.0	690.9	884.0	946.0	1812.8	91.6	42.4
Singapore	1836.3	2198.9	2239.6	2770.3	2402.9	2269.6	-5.5	4.3
	Export from India, In USD Mn.						% Change 2015/2014	% CAGR 2010-2015
Country	2010	2011	2012	2013	2014	2015		
Chile	19.8	38.2	37.1	49.9	48.0	51.4	7.1	21.0
Japan	123.7	196.8	222.2	229.3	210.9	185.1	-12.2	8.4
Korea, Republic of	12.9	21.4	29.5	37.0	36.2	37.0	2.5	23.5
Malaysia	58.8	58.7	76.4	109.1	140.6	136.5	-2.9	18.3
Singapore	78.7	83.8	49.1	61.1	58.3	51.2	-12.2	-8.2

Are we exporting correct ?

Share of India in FTA partner country's top ten apparel import category

FTA Partner country	Imports from world			Imports from India			India's Share in %		
	2013	2014	2015	2013	2014	2015	2013	2014	2015
Japan's total RMG imports	31783.4	29364.9	26856.5	271.6	254.7	235.3	0.9	0.9	0.9
Japan's Top 10 import categories	12334.3	11109.3	10350.2	49.3	51.8	52.1	0.4	0.5	0.5
Singapore's total RMG imports	2770.3	2402.9	2269.6	61.1	58.3	51.2	2.2	2.4	2.3
Singapore's Top 10 import categories	959.8	954.8	927.7	29.2	29.1	22.7	3.0	3.0	2.4

Advantage India

Strengths & Opportunities

- ▶ Capability in producing value added garments, involving embroidery & handwork.
- ▶ Strong, Innovative and Creative Design Capabilities.
- ▶ Capacity to undertake customized and flexible-small quantity orders.
- ▶ Market for Man Made Fiber garment and blend garments are growing.
- ▶ Market for all season can bring in boom to Indian export sector.

Suggested areas for Trade enhancement

- Product Diversity
- Quality & reliability
- Productivity
- Input availability
- Lead times and supply chain efficiencies
- Compliance

Facilitating factors at play

- Initiatives on doing ease of business
- Exemptions for import of fabrics
- Thrust on technical textiles
- TUFS
- Move towards easing labour laws

Initiatives on Improving 'Ease of Doing Business' in India.

Procedural simplifications in Customs clearances

S. No.	Initiative	Impact
1	24x7 Customs Clearance	It will help in faster clearance of imported and export goods, reduce dwell time and lower the transaction cost
2	Single Window Project - Online message exchange	It will reduce costs, enhance transparency, reduce duplicity and cost of compliance and optimal utilisation of resources
3	Adoption of Digital Signature	Introduction of digital signature will maintain data integrity and reduce cost of compliance

Procedural simplifications in Customs clearances

S. No.	Initiative	Impact
4	Reduction in mandatory documents for imports and exports	To facilitate trade and to simplify procedures, number of mandatory documents and prescribed only three mandatory export and import documents have been reduced.
5	Setting Up of Customs Clearance Facilitation Committee (CCFC)	To ensure expeditious clearance of EXIM goods a high level administrative Committee i.e. 'Customs Clearance Facilitation Committee' (CCFC) has been put in place at every major Customs seaport and airport
6	Rationalisation of penal provision	Penalty provisions in Customs have been rationalised to encourage compliance and early dispute resolution
7	Withdrawal of Prosecution in certain circumstances	Instructions have been issued providing for withdrawal of prosecution where a noticee has been exonerated in the quasi-judicial proceedings and such order has attained finality

Facilitations in Central Excise

S. No.	Initiative	Impact
1	Reduction in number of levies	Education Cess and Secondary & Higher Education Cess on excisable goods have been subsumed in Basic Excise duty
2	Registration in two days	Registration in Central Excise is to be granted within two working days
3	Electronic payment of duty	The facility of electronic payment of duty has been extended to all the Central Excise assesseees

Facilitations in Central Excise

S. No.	Intiative	Impact
4	Time limit for taking CENVAT	Time limit for taking CENVAT Credit of duty/tax paid on inputs and input services has been increased from six months to one year
5	Direct despatch of goods	Facility of direct dispatch of goods by registered dealer from seller to customer's premises has been provided
6	Payment of arrears in instalments	Instructions have been issued to allow Chief Commissioners, Commissioners to allow payment of arrears in instalments

Simplifications in Service Tax

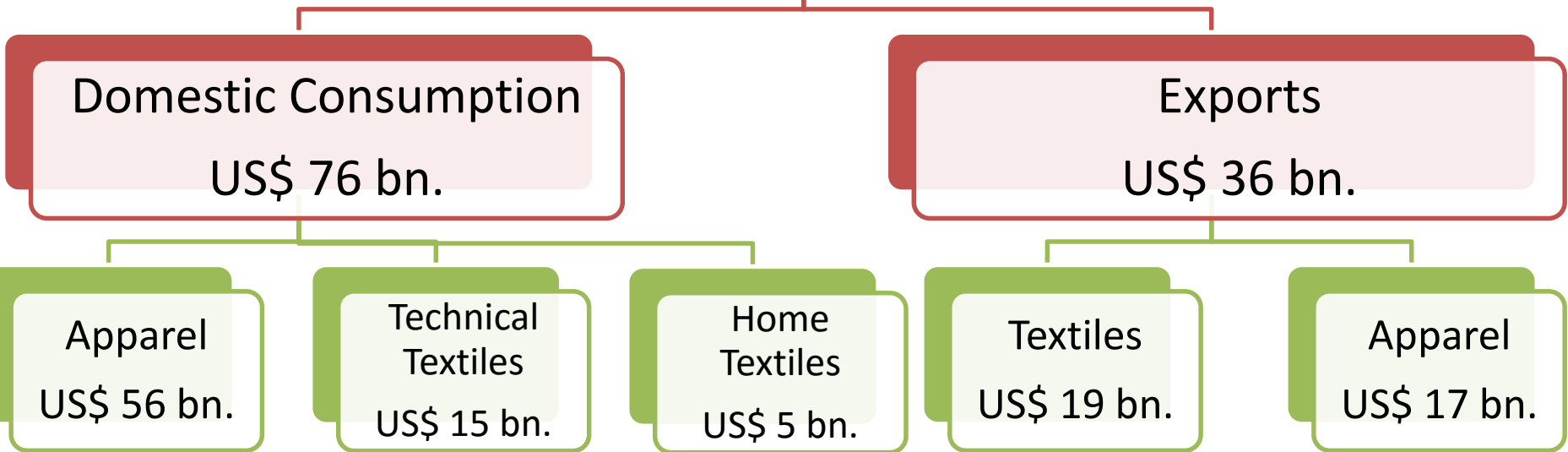
S. No.	Initiative	Impact
1	Registration in two days	Registration in Service Tax to be granted within two working days
2	Simplification in procedure for availment of Cenvat Credit in certain cases	For availment of CENVAT credit of service tax paid under reverse charge mechanism, the condition of having made the payment of consideration to the service provider has been done away with

Enablining Start Ups

- Process of applying for Industrial License (IL) and Industrial Entrepreneur Memorandum (IEM) has been made online and this service is now available to entrepreneurs on 24x7 basis at the eBiz website. This had led to ease of filing applications and online payment of service charges.
- Start-ups are allowed to self-certify, compliance with the Labour Laws.
- A start-up in India with an overseas subsidiary is permitted to open foreign currency account abroad to pool the foreign exchange earnings out of the exports/sales made by the concerned start-up;
- The overseas subsidiary of the start-up is also permitted to pool its receivables arising from the transactions with the residents in India as well as the transactions with the non-residents abroad into the said foreign currency account opened abroad in the name of the start-up
- A start-up is also permitted to avail of the facility for realising the receivables of its overseas subsidiary or making the above repatriation through Online Payment Gateway Service Providers (OPGSPs) for value not exceeding USD 10,000

Domestic Industry Increasing Faster than Exports

Total Market Size
US\$ 112 billion



Thank you

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