

India's Textile Triumph: AEPC Chairman sets ambitious \$40 billion target for the next decade

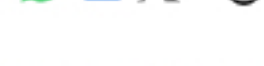
Chairman AEPC expressed confidence that the next decade will be India's decade in textile exports, and the target of 40 USD billion of RMG exports is achievable. He highlighted India's abundance of raw material, ensuring shorter lead times due to 98% of Indian inputs in the product.



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Dec 9, 2023 3:51:40 PM IST (Published)

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Piyush Goyal, the Union Minister for Textiles, Commerce and Industry, and Minister of Consumer Affairs, Food and Public Distribution, presented the AEPC prestigious export awards to RMG exporters on Friday, December 8, 2023.

The 'AEPC Excellence Honours' were conferred for the years 2021-22 and 2022-23. The awards recognise the extraordinary contributions made by Indian apparel exporters in building modern export enterprises and helping to develop a unique Indian export culture.

Addressing the gathering, Goyal said, "40 by 30 will be a fitting tribute to Prime Minister Shri Narendra Modi's vision to make India a developed nation by 2047. Let's expand textile exports to 100 billion through our collective efforts. If RMG exports can grow from 16 billion USD to 40 billion USD in this period, it will truly be a game-changer for the future of the textiles industry and in our effort to provide jobs to a large section of people and create a value-added proposition."

He mentioned that the government is taking every possible step to promote exports, such as entering into free trade agreements and promoting Brand India.

The minister also urged apparel exporters to procure raw materials from Indian players and not depend on "opaque" foreign suppliers, suggesting not to fall for "predatory pricing." He emphasised the necessity to build domestic supply chain capacities by supporting each other for the long-term health of the entire textile ecosystem in the country.

The Union Minister highlighted the importance of every element in the industry, urging industry leaders not to opt for low-cost substandard goods to substitute domestic availability. He emphasised that the true meaning of Aatma Nirbhar Bharat is not about closing India's doors to the world but opening them wider by supporting domestic suppliers and developing a domestic ecosystem.

Applauding the industry, Goyal said, "The encouragement we received from the industry led to a 55% exports growth from 500 billion USD to 776 billion USD in both merchandise and services exports in the last two years between 2021-23."

The event began with the '40 by 30' theme Focus Group Discussion (FDG) with the following topics: Making Indian Apparel more competitive; Strengthening Industry-Academia Linkage, Exploring new frontiers with MMF, Compliance and Sustainability - How to make it India's edge? Major issues that emerged during the FDG were picked for the Power Group Discussion (PGD) with the following discussants: Rohit Kansal, Additional Secretary, Ministry of Textiles, Government of India; Deepak Seth, Founder and Chairman, Pearl Global Industries Ltd.; Nitin Prasad, Managing Director, PVH Supply Indian sub-continent and GOC; Dr. Ajay Sahai, Director General & CEO, FIEO; and Naren Goenka, Chairman, AEPC.

Speaking at the power group during the event, Naren Goenka, Chairman AEPC, said, "The Indian apparel industry has been able to withstand the hard and testing times during the pandemic, wherein, despite global demand being stagnant, Indian apparel exports grew at a rate of 30.35% in 2021-22 over 2020-21 and 1.10% in 2022-23 over 2021-22. While we commemorate this success today, we are also vigilant of the fact that India's apparel exports have been constant to the tune of 3-4% of global export share during the past 3-4 years."

Further, Chairman AEPC expressed confidence that the next decade will be India's decade in textile exports, and the target of 40 USD billion of RMG exports is achievable. He highlighted India's abundance of raw material, ensuring shorter lead times due to 98% of Indian inputs in the product.

This strength in raw material availability also safeguards against price volatility, currency fluctuations, or any global recessionary or inflationary changes. He emphasised government support in providing market access through FTAs with countries like UAE, Australia, Japan, etc., stating that the FTA with the UK will be a game-changer, and the EU will offer a significant advantage if an FTA deal is signed.

One major issue regarding poor export competitiveness in the Indian Apparel industry is poor Economies of Scale, with 80% of exporters having around 10 crores turnover. The average machines in Indian apparel manufacturing units are 250-400, whereas competing countries have an average of 800-1000 machines.

Additionally, there are hardly any vertically integrated units, unlike in Vietnam and other competing countries. Both these factors limit the industry's capacity to invest in productivity enhancement technologies.

Replying to industry queries on scale and infrastructure, Shri Rohit Kansal, Additional Secretary, Ministry of Textiles, said, "The global market is a trillion dollars, so even when we reach 100 billion of textiles exports, we will be only 10% of total textiles trade. From that perspective, the target of 40 billion seems to be eminently achievable. Our PM MITRA initiative seeks to address the issues flagged by the industry such as scale, investment, and infrastructure."

"The size of the PM MITRA Park is at least 1000 acres, which are supposed to be vertically integrated. It addresses the issue of land acquisitions as land is all acquired. It addresses issues of clearances because all clearances have been provided. It also addresses the issue of state support as SPV is being headed by the state as they run the park."

He added, "We are looking at 10 billion USD of investment in the park, and half a billion USD of support has already been given either by infrastructure support or development support to set up business in the park."