

INDIA AND PAKISTAN TEXTILE SECTORS

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Trade in Textile and Clothing- India & Pakistan



India Pakistan Trade in Textile and Clothing

3

- Textiles and Clothing account for 22% of the bilateral trade between India and Pakistan.
- 99% of this trade is in Textiles (HS code 50-63).

Table - India Exports to world and Pakistan in 2011

	India exports to World (US\$ mn)	India exports to Pakistan (US\$ mn)	Share of Pakistan in India's exports (%)
Textile	19629.4	393.1	2.0
Clothing	13744.7	0.7	0.0
Total	33374.1	393.8	1.2

Table- Pakistan exports to the world and India in 2011

	Pakistan's exports to World (US\$ mn)	Pakistan's exports to India (US\$ mn)	Share of India in Pakistan's exports (%)
Textile	9568.98	43.9	0.5
Clothing	4013.5	2.7	0.1
Total	13582.5	46.6	0.3

Source: UN Comtrade

Top traded Textile and Clothing Commodities

4

India's top T&C exports to Pakistan 2011

HS Code	Product Description	Exports in US\$ million
520100	Cotton, not carded or combed	272.8
540710	Woven fabrics of synthetic yarn	50.8
550410	Artificial staple fibers, not carded or combed	21.0
540751	Woven fabrics of synthetic yarn	10.8
550490	Artificial staple fibers, not carded	4.4
520527	Cotton yarn	3.4
520942	Woven fabrics of cotton	2.9
550959	Yarn of synthetic staple fibers	2.1
520548	Cotton yarn	1.7
540754	Woven fabrics of synthetic yarn, printed	1.7

Source: UN Comtrade

Pakistan's top T&C exports to India 2011

HS Code	Product Description	Exports in US\$ million
520932	Woven fabrics of cotton	3.92
510320	Waste of wool or fine animal hair	3.50
630539	Sacks & bags	3.34
520531	Cotton yarn	2.91
520942	Woven fabrics of cotton, containing	2.82
520522	Cotton yarn	2.16
520100	Cotton, not carded/combed	2.05
520528	Cotton yarn	2.03
611699	Gloves, mittens & mitts, knitted	2.01
510129	Wool, not carded/combed, degreased,	1.74

India Pakistan Competitiveness in Textile and Clothing

5

Number of Textile Commodities With RCA Greater than 1					
HS Code	Both	India	Pakistan	Neither	
50	1	6	2	2	
51	4	13	9	8	
52	72	78	110	3	
53	4	13	4	6	
54	8	35	11	21	
55	17	50	38	21	
56	5	9	6	13	
57	5	17	5	3	
58	4	17	11	11	
59	1	4	3	11	
60	5	9	15	5	
61	37	39	69	9	
62	42	59	63	10	
63	31	35	41	3	
Total	236	384	387	126	

Source: UN Comtrade and Authors' Calculation

Untapped Trade Potential in T&C

6

- Untapped T&C Export potential from India to Pakistan is almost 5 times current exports and 98% of this potential accrues from textiles (HS Codes 50-60,63).
- Import potential from Pakistan is 16 times Pakistan's current T&C exports to India and 74% of the potential is from textiles.
- T&C as a whole account for 22% of India's export potential to Pakistan and 25% of India's import potential from Pakistan.

India's Export Potential to Pakistan (US\$ million)	
Textile	1709.43
Clothing	33.7
Total	1743.2

Import Potential from Pakistan (US\$ million)	
Textile	563.03
Clothing	194.4
Total	757.5

Source: UN Comtrade and Authors' Calculation

Top Ten Export Potential T&C Items

7

HS Code	Product Description	Export potential in US\$ million	Current India exports to pakistan in US\$ mn	Whether on Pakistan's banned list	Whether on Pakistan's sensitive list
520100	Cotton, not carded/combed	532.8	272.8		
540233	Synthetic Textured yarn	277.0	0.5	Yes	
550320	Synthetic staple fibers, not carded	255.1	0.0	Yes	
550410	Artificial staple fibers	154.6	21.0		
630900	Worn clothing & other worn articles	71.8	0.4		
540247	Synthetic Yarn	36.9	0.0	Yes	
540331	Artificial filament yarn	31.0	0.0		
540752	Synthetic Woven fabrics (excl. of 5407.10-5407.50)	25.6	1.2		Yes
550921	Yarn other than sewing thread, of s	24.1	0.1		
	Synthetic filament tow,				
5 Source: UN Comtrade and Authors' Calculation			0.0		

Top Ten Import Potential T&C Items

8

HS Code	Product Description	Import Potential in US\$ mn	Current Pakistan exports to india in US\$ mn	whether on India's sensitive list
520100	Cotton, not carded/combed	181	2.1	Yes
620342	Men's/boys' trousers, bib & brace o	35	0.1	Yes
520832	Woven fabrics of cotton, containing	34	0.3	
520942	Woven fabrics of cotton, containing	29	2.8	
630419	Bedspreads other than knitted/crocheted	29	0.0	Yes
551219	Woven fabrics of synthetic staple f	18	0.0	
610910	T-shirts, singlets & other vests, k	18	0.0	Yes
630790	Other made-up textile articles, inc	16	0.1	
631090	Used/new rags, scrap twine, cordage	16	0.1	
620462	Women's/girls', trousers, bib & bra	12	0.0	Yes

Source: UN Comtrade and Authors' Calculation

Port wise Textile Exports to Pakistan

9

- 90% of Indian textile exports to Pakistan are accounted by five Ports
- 90% of Indian textile imports from Pakistan are accounted by seven ports

Port (Exports)	Value (INR)
Nhava Sheva Sea Port	6269633770
Mundra Sea Port	663082560
Attari Land Custom Station, Amritsar	638813531
Pipavav (Victor) Gujarat	494762094
Tuticorin Sea Port	343930212

Port (Imports)	Value (INR)
Mundra Sea Port	1,525,714,717
Nhava Sheva Sea Port	617,884,591
KIADB Textile (Special Economic Zone), Karnataka	397,936,025
Tuticorin Sea Port	379,712,274
Inland Container Depot, Delhi	134,673,597
Amritsar Railway Station	101,365,196
Chennai Sea Port	78,398,456

Port Wise Top Commodities Exported at HS 8 digits

10

HS Code	Commodity	Port	Value (INR)
52010015	Indian Cotton	Nhava Sheva Sea Port	1,596,385,356
55041000	Viscose Rayon Staple Fibres	Nhava Sheva Sea Port	1,056,143,825
54071039	Other Dyed Polyester Fabrics	Nhava Sheva Sea Port	1,051,690,432
54071049	Printed Other Polyester Fabrics	Nhava Sheva Sea Port	546,145,342
52010015	Indian Cotton	Mundra Sea Port	461,272,784
55041000	Viscose Rayon Staple Fibres	Pipavav (Victor) Sea Port	410,420,334
54071019	Unbleached Other Polyester Fabrics	Nhava Sheva Sea Port	380,707,346
52010015	Indian Cotton	Kandla Sea Port	292,964,160
52010015	Indian Cotton	Attari LCS ,Amritsar	292,636,408
52010014	Indian Cotton	Nhava Sheva Sea Port	286,804,644

Port Wise Top commodities Imported at HS 8 digits

11

HS Code	Commodity	Port	Value (INR)
52010020	Foreign Cotton Of All Staple Lengths	Mundra Sea Port	1,191,162,810
52053190	Cotton Yarn Measuring Per Single Yarn 714.29 Decitex Or More, Others	KIADB Textile SEZ Karnataka	364,334,860
52010020	Foreign Cotton Of All Staple Lengths	Nhava Sheva Sea Port	313,548,839
52093290	Woven Fabrics Of Cotton, 3-Thread Or 4-Thread Twill, Others	Tuticorin Sea Port	152,197,219
51011900	Other Wool, Greasy, Including Fleece	Mundra Sea Port	107,969,764
52062200	Single Yarn Of Combed Fibres	Mundra Sea Port	92,907,118
51012900	Wool	Nhava Sheva Sea Port	81,194,504
63109040	Synthetic Rags	Delhi (ICD)	73,131,977
52051190	Cotton Yarn Measuring Per Single Yarn 714.29 Decitex Or More, Others	Nhava Sheva Sea Port	66,199,465
52081190	Woven Fabrics Of Cotton	Mundra Sea Port	62,957,413

Textile Policies – India & Pakistan



Textile Policies- India

13

- **Technology Mission on Cotton (Ninth Five Year Plan)** to increase cotton yield and quality. Four Mini Missions part of the scheme:
 - Cotton Research and Technology Upgradation
 - Transfer of Technology and Development
 - Improvement in Marketing Infrastructure
 - Modernizing and upgradation of ginning and processing.

- Mini Missions 1 and 2 taken over the Ministry of Agriculture.

- Mini Missions 3 and 4 largely achieved goals and now subsumed under TUFSS and Ministry of Textiles.

Textile Policies- India (Contd.)

14

- **Technology Upgradation fund Scheme (TUFS)**
 - The Textile Modernization Fund Scheme discontinued in 1991 and was subsumed under TUFS
 - TUFS commissioned in 1999 to raise competitiveness of textile and jute industries.
 - Under modified TUFS, 4% interest subsidy on spinning machinery and 5% for other sectors
 - Ultimately entire textile value chain covered under TUFS
 - **TUFS has been the most successful policy till date.**

Textile Policies- India (Contd.)

15

□ **National Textile Policy, 2000**

- Implemented some of the recommendations of Satyam Committee Report (1999)
- Major agenda points of policy
 - Dereservation of knitting and garment sectors from SSI.
 - Technology Upgradation, productivity enhancement and strengthening of raw material base.
- However, targets of US\$50 billion by 2010 for textile and apparel exports were not achieved due to global financial crisis in 2008

□ **Scheme for Integrated Textile Parks, 2005**

- Aimed to create integrated textile parks by merging Apparel parks for exports (APES) and Textile Sector Infrastructure Development Scheme(TCIDS)

Textile Policies- Pakistan

16

- The Annual Trade Policy has been the main policy document which offered policy guidelines, incentives and proposed measures for T&C sector development until 2009.
- A separate Textile Ministry was created a few years back for exclusive focus on the textile and clothing sector.
- A Textile Vision 2005 developed in 2000 to bolster the growth of T&C sector which was later not adopted as an official document but remained a major coordinated effort of sector development.
- The government announced the first ever five-year Textile Policy 2009-2014 that aimed at increasing Pakistan's textile exports from the existing US \$10 billion to \$25 billion by the year 2015.
- However, despite allocation of large funds to the tune of PKR 123 billion, the implementation of the Textile Policy 2009-14 continuously faced shortage of funds; only PKR 24 billion i.e. 20 percent of the allocation was released for textile exports initiatives.

Preliminary Survey Findings

- Comparison Across Value Chains
- Preliminary Survey Findings



Preliminary Survey Findings

18

- Qualitative surveys were conducted with Manufacturers and Industry Associations in Delhi, Mumbai, Chennai, Coimbatore and Lahore during December to March.
- The major production hubs in India for textile is based in and around Mumbai and Coimbatore.
- While Mumbai produces both Cotton and Synthetic blends of yarn and fabric. Coimbatore specializes in Cotton yarn and fabric
- In both the production clusters one of the key issues is the different vintages of machines which are used in production, which reduces productivity. For example almost 50 percent of the Shuttle-less Looms in use today are second hand.

Preliminary Survey Findings (Contd.)

19

Comparison Across the Production Value Chain (based on Survey findings)

□ Major Raw Materials

- Both the countries have a strength in cotton products due to large cotton production.
- India has a larger production base in Man Made Fibres and Filaments.

□ Spinning

- The production pattern of the spinning sector of Pakistan's textile industry is heavily tilted towards the production of coarse categories of yarns with an overall average count of about 20. It specializes in yarn production of 20-40 counts.
- India produces all counts from 10s to 120. 95% of Indian spinning sector is highly organized. The production of yarn in India is done in batches as per orders.
- 50% of Pakistan's machinery is less than seven years age, due to over US\$ 8 billion investment in the textiles sector during 1999-2011. Even though the TUFSS Scheme in India has been effective in upgradation of machinery, India is still behind.

Preliminary Survey Findings (Contd.)

20

□ **Weaving**

- Pakistan weaving sector is stronger due to high investment.
- India investments didn't pick up due to SSI policy and small and fragmented holdings without financial support and low risk appetite due to uncertainty in demand for fabric.

□ **Knitting**

- Indian knitting industry picking up due to increased demand despite low investments in the past. Till 2003 it was reserved for the SSI. Pakistan knitting growing slowly.

□ **Garments**

- Pakistan's lowers more competitive due to coarser yarn counts. India produces both uppers and lowers.

□ **Made ups**

- Due to production and availability of coarse counts, Pakistan highly competitive in made ups like bed linen and towels.

Perceptions of India Pakistan Trade Potential in Textiles

21

- Potential for import of lower counts of yarn (less than 20s) by Indian garment manufacturers and also import of Pakistan's cotton woven fabrics and made ups.
- Potential for export of Indian cotton yarn of 30s to 80s counts and synthetic fabrics (currently mainly on banned and sensitive list). Currently synthetic fabrics is mostly traded informally.
- Pakistan heavily relies on import of textile machinery from Europe and China. But in recent years, due to opening of trade with India, Indian textile machinery exporters expect trade with Pakistan to grow significantly especially in **spinning machines** and **weaving preparatory machines**. Currently Lakshmi Machine Works is the major spindle machinery exporter to Pakistan. They are also looking at setting up a service centre in Pakistan.
- Also scope in textile consumable like spare parts (in which India is very competitive) and textile chemicals.

THANK YOU

