Study
on

Impact Assessment of Direct and Indirect Taxes Incentives extended to all the value chain of Textile Sector

Under Ministry of Textiles
Government of India

Arun Jaitley National Institute of Financial Management (AJNIFM)
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Index

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Abbreviation	
ADD	Anti-Dumping Duties
AF	Acrylic Fibre
ASI	Annual Survey of Industries
ATUF	Amended Technology Upgradation Fund
AIR	All-Industry Rate
BCD	Basic Custom Duty
CAGR	Compound Annual Growth Rate
CBIC	Central Board of Indirect Taxes & Customs
CGST	Categories of Goods And Service Tax
CENVAT	Central Value Added Tax
CST	Central Sales Tax
CVD	Countervailing Duty
DBK	Duty Drawback
DGFT	Directorate General of Foreign Trade
DGCI&S	Directorate General of Commercial Intelligence and Statistics
EDI	Electronic Data Interchange
EODB	Ease of Doing Business
EPC's	Export Promotion Councils
EPCG	Export Promotion Capital Goods Scheme
EPF	Employees Provident Fund
EPCH	Export Promotion Council for Handicrafts
ETRs	Export Tax Rebates
EU	European Union

EXIM	Export Import
FDI	Foreign Direct Investment
FOB	Free On Board
FTA	Federal Tax Authority
FTP	Foreign Trade Policy
FY	Fiscal Year
GST	Goods And Services Tax
GOI	Government of India
GDP	Gross Domestic Product
GVA	Gross Value Added
GVCs	Global Value Chains
HSN	Harmonized System of Nomenclature
IGST	Integrated Goods and Services Tax
ICES	Indian Customs Electronic Data Interchange System
ISDS	Integrated Skill Development Scheme
ITC	International Trade Centre
ITMA	International Textile Machinery Association
LUT	Letter of Undertaking
MITRA	Mega Investment Textile Parks
MEIS	Merchandise Exports From India Scheme
MMF	Man-Made Fibre
MFN	Most Favoured Nation
MSME's	Micro, Small and Medium Enterprises

NSQF	National Skills Qualifications Framework
NCR	National Capital Region
OTxC	Office Of Textiles Commissioner
OEC	The Observatory of Economic Complexity
PLI	Production-Linked Incentive
PTA	Purified Terephthalic Acid
REER	Real Effective Exchange Rate
RCA	Revealed Comparative Advantage
RMG	Ready Made Garment
R&D	Research and Development
RoDTEP	Remission Of Duties And Taxes On Exported Products
RoSCTL	Rebate of State and Central Taxes and Levies
ROSL	Rebate of State Levies
RSP	Retail Sale Price
SAD	Special Additional Duty
SIMA	Southern India Mills Association
SITP	Scheme For Integrated Textile Parks
SEIS	Service Exports From India Scheme
SEZ	Special Economic Zones
SME's	Small Medium Enterprises
SGST	State Goods And Services Tax
SRTEPC	Synthetic & Rayon Textiles Export Promotion Council
SSI	Small Scale Industries
T&C	Term & Conditions

ToR	Terms Of Reference
TEI	Textile Engineering Industry
TUF	Technology Upgradation Fund
UAE	United Arab Emirates
USD	United State Dollar
US	United States Of America
UK	United Kingdom
UTGST	Union Territory Goods And Service Tax
VAT	Value Added Tax
VSF	Viscose Staple Fibre
WTO	World Trade Organization

Executive Summary

The Report is spread over 10 chapters.

Chapter 1 brings out the context of the Report and provides a brief background of the study along with terms of the reference of the study. The TOR broadly include assessing the customs duty across the value chain of textiles; studying the impact of the changed duty on exports and imports, employment, production and Investment; quantifying the revenue foregone on account of incentives provided by GOI and make recommendations in respect of the tax structure which are compliant with WTO rules.

Chapter 2 outlines the processes involved and the structure of the Textile Industry. The Indian textile sector is extremely varied with hand spun and traditional textiles woven on handlooms at cottage industry level in the unorganised sector at one end of the spectrum and with the highly capital intensive modern and sophisticated mill sector in spinning and synthetic fibre manufacturing units in the organized sector at the other end of the spectrum. However, the unorganised segment forms the dominant part of this sector, about 95% consisting of micro, small and medium enterprises as well as clusters in dispersed locations in Haryana (Panipat) AP(Pochampally), Tamilnadu (Tirupur), Gujarat (Surat, Kutch etc.), Kerala, Punjab (Ludhiana), Maharashtra (Ichalkaranji and Bhiwandi), etc.

The Spinning sector remains highly organized with 92% of the yarn being produced in the mill sector while only 5% of the weaving units are organized. The garment sector is characterized by a large number of independent small firms located in different regions across the country. The major challenges facing the sector include its heavy dependence on cotton with its rain fed nature and consequent weather-related fluctuations in cotton production, low levels of Investment and FDI flow, poor infrastructure with technological obsolescence and low degree of modernization in the entire textile value chain because of the highly fragmented size of the units, high cycle time for garments, limited fabric base and lack of product specialization. Though labour is cheap it remains unskilled and unproductive.

Chapter 3 details the methodology adopted for the study wherein questionnaires were formulated and circulated to the Office of Textiles Commissioner (OTxC), Directorate General of Foreign Trade (DGFT), Central Board of Indirect Taxes & Customs (CBIC), Ministry of Commerce and Ministry of Textiles and the EPCs related to Textiles. The study also undertook a regression modelling exercise to study the impact of exchange rate, GST, BCD, GVA on Textile exports and Imports.

The regression analysis shows that there is no impact of GST on exports. In the case of imports, GST has an impact. But this impact is significant only when considered along with customs tariff. This indicates that the impact of the GST adds to the impact of customs tariff on imports. For the report, RCA has also been computed. The computation reveals that India is competitive in 420 items of textile and clothing (out of 779 items exported in 2014). Similarly, it is competitive in 433 (out of 779 items exported) in 2015, 422 (out of 774 items exported) in 2016, 417 (out of 782 items) in 2017, 414 (out of 788 items exported) in 2018 and 419 (out of 783 items exported) in 2019.

Chapter 4 outlines dimensions of the global textile industry and emerging market trends in terms of fibres, products, and fashion and the way forward. It analyses the position of Indian Textiles industry globally, and its position vis-à-vis its competitors like China, Bangladesh, Vietnam, etc.

The textile industry has a global supply and value chains spread across many countries and continents. Production has, in general, shifted to least developed or developing countries with the bulk of production, however, remaining in Asia. India's T&C industry has strength and competitiveness in the global market because India has abundant raw materials, low labor costs, and vertically integrated production facilities. India's labor cost is much lower compared to those of China and other countries, which makes India's T&C attractive.

India occupies the 5th position in the exports of clothing as of 2020. India's share in clothing exports since 2000 has, however, remained constant at 3%, while the share of countries like Vietnam and Bangladesh have increased significantly (or doubled in the case of Bangladesh) in the same period in clothing exports. The global apparel market is primarily composed of world's largest economies of US, European Union (EU), Japan and China. The US and EU are the world's largest apparel importers accounting for 60% of total global imports, followed by Japan with a share of 7-10%. Driven by rising labour cost and strong currency, China has been losing market share over the last few years. On the other hand, exports from Bangladesh and Vietnam have been growing rapidly. Bangladesh is the second largest RMG exporter globally and has started making inroads in India's readymade garments (RMG) market, due to manufacturing cost advantages with cheap electricity and cheap labor and preferential duty access in key markets. Indian garment makers have to pay 20 per cent import duty for the same fabric from China; their power and personnel costs are also higher.

As far textiles is concerned, India's share of cotton yarn exports in total exports is the highest at 6.98% in 2019. India needs to upgrade its position from a supplier of cotton yarn to a producer of value-added fabrics and garments. India is nearly absent from the main product category that accounts for 70% of world trade in apparels – synthetic apparels. Today, most formal, sports and fashion wear uses synthetic fabrics. They are durable, do not fade, can have any colour. Easy blending with wool, cotton, or rubber allows experimentation. Synthetics have overtaken cottons and become favourites of the fashion industry. With weak synthetics, India's apparel industry is a horse running with one leg tied. The lack of product specialization has limited the growth of many Indian exporters in the global market. Quality problems are another deterrent to expanding export shares in the global market. The majority of fabrics made in India are of low quality and limited varieties, which limits the product range and tends to lower the unit value. Further, there is a need to diversify product exports as well as markets.

Chapter 5 details the structure of indirect taxes in the T&A sector prior to the implementation of GST and post implementation of GST i.e. from 1.7.2017 to 31.12.2021 and post 1.1.22. It brings out how pre- GST, almost all textile items with the exception of manmade fibre, yarn and garments were fully exempt from tax, when no input tax credit was claimed.

Post GST(after 1.7.2017 to 31.12.2021) the entire value chain in both cotton and MMF were taxed, with cotton value chain being taxed @ 5% uniformly at the fibre, yarn and fabric stage and inverted duty structure in the Man Made Value chain beginning with 18% on Manmade fibre, 12% on Manmade yarn and 5% on Man-made fabric. Inverted duty structure in the MMF value chain (i.e. taxation of inputs at higher rates than finished products) created the problem of accumulation of Input tax credits (ITC). Slow refunds of ITC led to blockage of crucial working capital for the industry and cascading of costs in the MMF value chain.
Post 45th GST Council, it was decided that the inverted duty structure in the textile sector would be corrected from January 1, 2022. This was given effect vide notifications dated 18.11.21 and from 1.1.22 all segments in Man-made value chain starting from fibre, yarn, fabric till the garment stage are to be taxed at 12%. Further, fibre neutrality has been introduced

at the fabric and garment stage for all types of fibre with fabric and garments being taxed at 12% tax irrespective of the type of fibres(See para 5.3 of the Report).

Chapter 6 summarizes the changes in BCD introduced during the period 2016- 21 on different segments of the textile value chain including different types of fibre, fabrics , Readymade Garments & Made-ups as well as the recent trends in the imposition of antidumping duties. The chapter brings out that BCD during the above period was increased on raw Silk and Cotton to protect the domestic producers while the BCD on speciality fibres used in the manufacture of technical textiles that are not widely produced in India was kept at 2.5% to give a fillip to the technical textile Industry. Further BCD on fabric and Readymade Garments and Made-ups was also enhanced to offer protection to the indigenous producers.

Antidumping duties (ADD) are imposed by Governments when it believes that goods are being dumped at low prices in the domestic market by the foreign country to protect local producers of the commodity from unfair competition. India has been imposing ADD on items such as Mulberry raw silk, flax or linen fabric, flax yarn, jute products, Elastomeric filament yarn, Polyester yarn, Nylon filament yarn, fishing net, viscose staple fibre, Velcro etc. The main countries of origin for these items being People's republic of China, Hong Kong, Bangladesh, South Korea, Vietnam, European Union and Indonesia. To boost exports in the MMF sector, however, Government recently removed anti-dumping duty on Purified Terephthalic Acid (PTA), Acrylic fibre (AF) and Viscose Staple Fibre (VSF).

Chapter 7 details the various Duty Refund Schemes such as Duty Drawback Scheme, Rebate of State Levies (ROSL), Rebate on State and Central Taxes and Levies (RoCTDL) and Remission of Duties and Taxes on Exported Products (RoDTEP) provided by the Government to the Textile industry and makes an assessment of the revenue impact of the various incentives provided by the Government.

Chapter 8 provides an overview of employment, production, investment, exports and imports in textile sector in the last five years and examines the relationship between BCD changes and the above parameters. The study shows no significant correlation between Imports and BCD changes made by the Government. The Employment in the Textile Sector has been analysed by using ASI Data till 2017-18 (Organised Sector) and PLFS Data of MOSPI from 2017-18 to 2019-20.

Chapter 9 provides a detailed analysis of production, availability of Fibres and Fabrics of Cotton, MMF and Silk sectors and emerging trends.

Chapter 10 concludes with the findings of the study and recommendations.

India has a dominant presence in almost all segments of the Textile Value chain including in cotton, silk, jute etc. with abundant supply of cheap labour and a large market etc. yet it is only the sixth largest exporter of clothing after China, EU, Vietnam, Bangladesh and Turkey.

The Indian textile sector is faced with several challenges such as absence of scale, heavy dependence on cotton, near absence of synthetic apparels (which account for more than 70% trade in apparels), lack of duty free access to major importing markets like US, EU (unlike Bangladesh and Vietnam), lack of product specialization, quality related problems, low levels of R&D and technology. The sector needs competitive manufacturing cost to withstand the competition from Bangladesh and Vietnam.

It is thus necessary to look at the underlying tax structure in Textiles to make our products more competitive. Tax refunds through schemes like such as RoDTEP, etc. should make our textile

exports competitive in a WTO compliant manner. The Government vide its notifications dated 18.11.21 has provided a revised GST structure in Textiles with effect from 1.1.22 which has done away with the Inverted duty structure in the Manmade segment by taxing the entire value chain in MMF at 12% and also introduced fibre neutrality at the fabric and garment stage for all types of fibre with fabric and garments being taxed at 12% irrespective of the type of fibres. This would hopefully incentivise the switch to MMF in line with the global demand and make its production competitive.

The regression analysis undertaken for textile imports shows that GST (domestic taxes) when taken along with BCD has an impact on imports. Thus taxes (both GST and Import duties) should continue to be used for aligning our product mix with domestic and global demand. However, while revisions in rate structure are necessary for aligning the product mix, these should not be done too frequently as it could introduce uncertainty in the production and trading environment, causing more harm than good.

Other initiatives taken by the Government, i.e. the Mega Integrated Textile Region and Apparel (MITRA) Parks and National Technical Textiles Mission are the much needed game changers and will help enhance the scale and competitiveness of India's apparel manufacturing with global quality and efficiency. It will attract large scale investment with cutting-edge technology and make India an integral part of the global supply chain.

Additionally, there is a need to improve our efforts in Research and Development, Branding, and in developing Technical Textiles to emerge as global leaders in Textiles.

CHAPTER 1

Introduction

1.1 Introduction

Textiles have historically formed an important component of India's exports. The textiles and apparel industry in India have strong points across the entire value chain from fibre, yarn, fabric to apparel. Textile sector occupies a unique position in country's growth in terms of GDP, employment and export earnings. The textile industry contributes to 10% of manufacturing production, 2% of India's GDP and to 12% of the country's export earnings.

In 2019-20, India exported $34.22 Billion in Textiles, making it the 5th largest exporter of Textiles in the world. At the same year, Textiles was the 5th most exported product in India. The main destination of textiles exports from India are: United States ($7.5Billion), Bangladesh ($2.06 Billion), United Kingdom ($2.03 Billion), United Arab Emirates ($1.96 Billion), and Germany ($1.76 Billion).

Although, India's textile trade has been constantly increasing since 2016-17, a decline in export trade was witnessed during 2019-20. The total textile trade in 2019-20 stood at USD 42.36 billion compared to USD 44.89 billion in 2018-19. India's overall textile exports during FY 2019-20 stood at US$ 34.21 billion[1]. India's major textile and clothing export destinations include the US, China, UAE, UK, Germany and Bangladesh comprising 18.2%, 11.9%, 6.6%, 6.3%, 4.8% and 5.1% respectively of the total textile and clothing exports from the country. The major Asian export destinations accounted for 20.9% of India's textile exports, with China (11.9%) as the leader .The USA still remains the single largest nation importing textile and clothing from India. Major EU destinations constituted 16.2% of the total exports. Even though India's is the second largest producer of manmade fibre, India's share in global exports of value-added textiles of manmade fibres is miniscule.

The export of Textiles stood at USD 34.21 billion while the import was valued at USD 8.15 Billion in year 2019-20. The exports of textiles declined at a rate of (-) 8.74% while imports of textiles registered a growth of 10.33% during 2019-2020. The share of Textiles and apparel in overall export basket of India was 11.34% during 2019-20. Textile and apparel exports from India declined by 10 per cent[2], $32.055 billion during fiscal 2020-21 ending March 31 due to pandemic. The share of textiles and made-ups increased to 62 per cent in total exports, while that of apparel decreased to 38 per cent during the year. Exports of coir, raw jute, raw cotton and silk waste saw substantial increase during the period.

India's textiles sector is broadly categorized into 25 major commodities, namely, RMG cotton including accessories; Cotton fabrics, Made-up etc., Manmade staple fibre, Carpet (excluding silk) handmade, etc. The top 10 exported commodities of Indian Textiles account for about 95.35% of the total Textiles exports.

As T&C is a labor- intensive industry, this sector directly employs 45 million people and indirectly employs 60 million people—the second largest employment-generating industry after the agricultural sector in India (Annual Report Ministry[3] of Textiles 2018, p. 51). Many female workers and rural citizens are employed in this sector, empowering women and reducing poverty in rural areas. The contribution of Micro, Small and Medium Enterprises

[1] Ministry of Commerce: https://commerce.gov.in/about-us/divisions/export-products-division/ep-textile/
[2] https://www.fibre2fashion.com/news/textile-news/india-s-textile-apparel-exports-shrink-10-in-fy21-274070-newsdetails.htm?type=p
[3] Annual Report , Ministry of Textiles

MSMEs), particularly small- and micro-sized firms, in the T&C industry is larger compared to (MSMEs), particularly small- and micro-sized firms, in the T&C industry is larger compared to those of other sectors. Over 20% of registered MSMEs are engaged in the T&C sector, according to the fourth census on MSMEs (Ministry of Micro, Small and Medium Enterprises 2009, p. 25).

It is highly diversified with a wide range of segments ranging from products of traditional handloom, handicrafts, wool and silk products to the organized textile industry. India is the largest producer of cotton and jute and second largest producer of silk and manmade fibre and filament in the world. Textile Industry is the only industry that is self-sufficient and complete in cotton value chain- producing everything from fibres to the highest value-added finished product of garments.

A unique feature of the industry's evolution has been a trend towards small-scale, labour-intensive establishments in contrast to the international trend. As per Invest India[4], Textiles and Garments industry is expected to reach $190 billion by 2025-26 from $103.4 billion in 2020-21.

A large domestic market, foreign investments, large pool of skilled and cheap work force, efficient multi-fiber raw material manufacturing capacity are among the major reasons for growth of textile in the country.

1.2 Taxation structure of textile sector in Pre-GST period

The taxation structure for textiles in the pre-GST era was primarily divided into the Central Excise duty and VAT, CST and local body taxes which are levied and collected by the States, with the overall incidence of such taxes varying across different States. This resulted in a fragmented input tax credit chain, leading to embedded taxes and cost escalations. GST in 2017 replaced a multiple tax regime by a single tax regime. The GST rate structure for the textile industry took into account the effective incidence of tax and tried to eliminate the inefficiencies of the pre-GST structure, while protecting the end-customer from an abnormal hike in prices. Under GST regime, there are two main import duties – Basic Customs Duty (BCD) and Integrated Goods and Services Tax (IGST), however, additional import duties like, Safeguard Duty and Anti-Dumping Duty (ADD) are levied on some goods. GST has subsumed Countervailing Duty (CVD) and Special Additional Duty (SAD), however, Basic Customs Duty continues. Imports into India are considered as Inter-State supply under GST Law and accordingly attract Integrated Goods and Services Tax (IGST) along with BCD and other surcharges like Social Welfare Surcharge.

In the last 5 years, following the introduction of GST in 2017, Basic Customs Duty on imports of textile products like jackets, suits and carpets, fibres, apparels have been changed several times to boost domestic manufacturing and to make textile industry globally competitive and to provide protection to domestic industry.

The duties on imports of cotton fibre, silk and silk yarn have also been increased. The Government has also rationalized the duties on raw material inputs to manmade textiles by reducing the customs duty rates on caprolactam, nylon chips, and nylon fibre and yarn to 5 %. Several textile products attract anti-dumping duty and off late in some products ADD has been removed too, for example viscose fibre. Textile industry also suffers from inverted duty structure in case of certain segments meaning that the input tax rate on inward supply is higher than the output tax rate on the outward supply resulting in accumulation of credit in hands of

[4] Invest India : https://www.investindia.gov.in/sector/textiles-apparel

registered textile unit. The inverted duty Structure is likely to be rectified by making appropriate changes in the tax rates as decided in the GST Council meeting held in September 2021 and this is to be implemented from January 2022.

In view of the above background, the Ministry of Textile awarded a study to AJNIFM to assess the impact of direct and indirect tax incentives extended to all the value chain of textile industry and ascertain the impact of changes in the tax structure on investment, manufacturing, exports, employment, capacity and competitiveness of the industry.

The Terms of Reference (ToR) of the study is given below:

1.3 Terms of Reference

i. Assess Custom duties on all the value chain of Textile sector and impact of BCD, countervailing duty / anti – dumping duty is case it has been imposed on some items.

ii. Study the impact of Basic custom duty reduction in the textile sector for last 4 years specially on:
   - Reduction in BCD on specific fibers, filaments / yarn from 5% to 2.5% and
   - Exemption from BCD on import of specified fabrics of value equivalent to 1% of FOB value of exports in the preceding financial year, for manufacturing of textile garments for exports, subject to specified conditions.

iii. Ascertain if the tax absolution / enticements extended by the Government of India (GOI) in the textiles are in conformity with well – intended policy of the Government.

iv. Undertake a thorough review of the revenue forgone on account of such Incentives based on first and secondary data.

v. Ascertain if extra Investment have been made by the beneficiary units, and if there is any consequential increase in manufacturing / trade and industry activity in the case of green field / brownfield projects;

vi. Study if additional employment generated;

vii. Determine additional exports made;

viii. Find out if there has been any increase in infrastructure capacity up – gradation

ix. Find out if the fiscal incentives have affected the prices and thereby improved affordability for the buyer – and ensuing increase in demand of the concerned products made in the country.

x. Recommendations regarding any change to the present tax and duty structure, with proper justifications, that can be extended within the ambit of international norms and laws such as WTO to maximize the export from textiles sector.

1.4 Chapters

The study has been divided into the following ten chapters:

Chapter 1 : Provides a brief introduction of Textile Industry, background of the study along with terms of the reference and chapter of the study.

Chapter 2 : Provides structure of the Textile Industry, representing different segments of the industry, value chain, regional textile clusters and strength and weakness of the Indian Textile Industry.

Chapter 3 : Provides the methodology adopted for the study, parameters of the study such as Textile Export-Import, exchange rate, GST, BCD, GVA, dummy variables and their inter-relationship through a regression modelling exercise. The assessment of tax and duty rates over the years has been made and its implications for export-import, production, investment, employment and competitiveness of industry has been

analysed. The RCA of Textile product have been worked out for the last five years to assess the competitiveness of the Textile industry from Chapter 50 to 63 of the HSN code.

Chapter 4 : Gives a brief aspect of the global textile industry, emerging market trends in terms of fibres, products, and fashion. It analyses the position of Indian Textiles industry globally, and its position vis-à-vis its competitors like China, Bangladesh, Vietnam etc.

Chapter 5 : Provides the Indirect Tax structure in the textile sector especially after 2017.

Chapter 6 : Assesses the impact of changes in duty and taxes on exports and imports, production over the period of last 5 years.

Chapter 7 : Analyses the various incentives given by the Government to the industry and its effectiveness and estimate of Revenue forgone due to Tax exemption.

Chapter 8 : Provides an overview of employment, production capacity, investment in textile sector in the last five years.

Chapter 9 : Provide a quick analysis of availability of fibre and fabrics for cotton, MMF and Silk.

Chapter 10 : Concludes with the findings of the study as well as the recommendations and way forward.

CHAPTER 2

Structure of Indian Textile Industry and Value Chain

It is important to understand the structure and value chain of Textile industry before conducting any analysis as it provides an insight in to the underlying problems and prospects of the industry. The Indian textile sector is extremely varied with hand spun and traditional textiles woven on handlooms at cottage industry at one end of the spectrum, while the highly capital intensive modern and sophisticated mill sector and synthetic fibre manufacturing units at the other end. In between these two extremes lies decentralized power loom, knitting and garment sectors. The Indian Textile industry can be essentially categorised in to organized and unorganized sectors.

2.1 Organized Textile Industry:

Organized Textile Industry is a highly organized one with immense importance on capital intensive production process. This sector is characterized by sophisticated mills where technologically advanced machineries are utilized for mass production of textile products. Broadly these can be categorized as (i) Integrated Units with manufacturing facilities from Fiber to yarn to fabric and even garments; (ii) Composite Mills manufacture yarn and fabric; (iii) Standalone Units purchase yarn to manufacture fabric with the help of machinery; and (iv)Units producing fiber to manufacture non-woven fabric.

2.2 Unorganized Textile Industry:

Unorganized Textile Industry sector is the dominant part in this industry, which mainly utilizes the traditional practices of spinning and weaving in cloth production and hence is labor intensive in nature. This industry is characterized by the production of clothes either through weaving or spinning with the help of hands. The decentralized nature is considered as another important feature of the unorganized textile industry in India.

2.3 Segmentation Based on Level of Processing:

Another prevalent segmentation based on the levels of processing in the textile sector comprises of major 4 major segments viz. Spinning, Weaving, Processing, and Garment Manufacturing. Indian spinning sector is highly advanced and competent globally in terms of price, quality and standards. It has the second largest installed spindle capacity as well as rotor capacity in the world. Indian Weaving Industry has traditionally been one of the most surviving sectors of mass employment. As a matter of fact, after agriculture, the Weaving Industry is largest provider of work force. Availability of huge quantity of the raw materials and continuous supply of economically affordable labor force are the contributing factors behind the success of the present weaving industry of India.

For understanding various processes which are involved in the textile sector, it is necessary to look at the Value Chain:

Figure 2.1 Value Chain in the Textile Industry

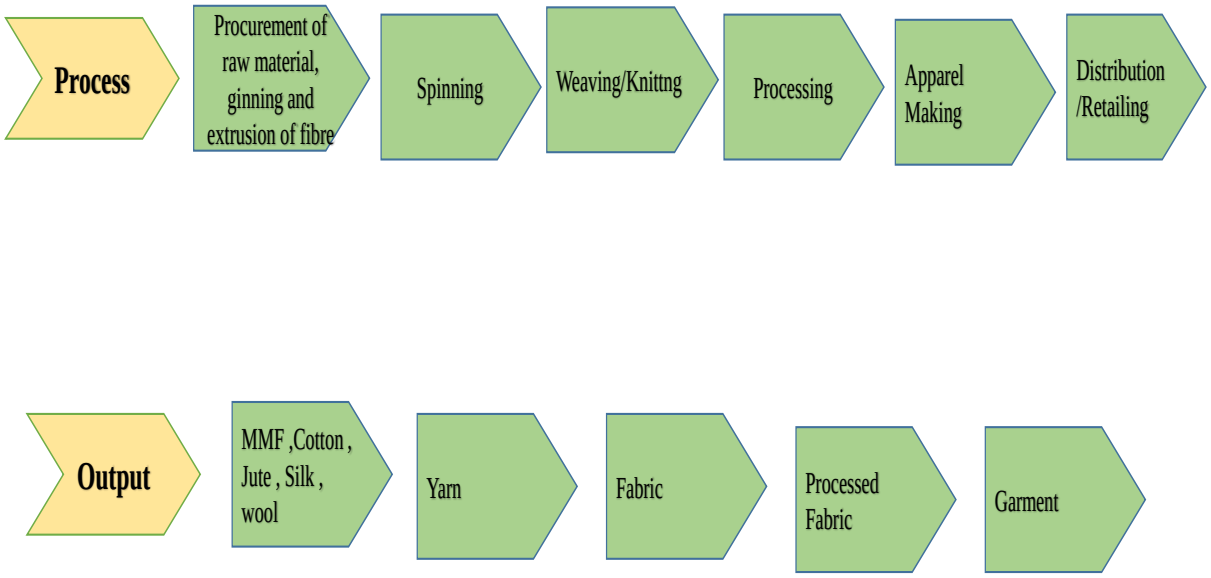


Table 2.1 Process and factors of the Textile Sector

Process	Procurement of raw material, ginning and extrusion of fibre	Spinning	Weaving/ Knitting	Processing	Apparel making	Distribution/ Retailing
Process	Ginning and cleaning machines	Spinning mills	Weaving and knitting units	Processing units	Apparel Design and Making	Outlets/ stores
Output	MMF, Cotton, Jute, Silk, Wool	Yarn	Fabric	Processed Fabric	Garment	
Units		1,135 small scale and 1,564 large scale*	Hand looms 3.9 million Power-looms 1.8 million*	2100*	7700*	
Remarks	Fairly large, Organised and financially strong	Large Capacity Fragmented	Weak and unorganized	Some large players	Fragmented consolidating	Fairly organised

Source: GST Guidelines for Textile Sector :
http://texmin.nic.in/sites/default/files/GST%20Guidelines%20Textiles.pdf
*These figures pertain to CBIC Guidance Note of 2017

2.4 Fiber based segments:

While Cotton, Silk, Jute and Wool are natural fibers extensively used in textiles, major filament yarns manufactured (man-made) in India are viscose, polyester, nylon and polypropylene. Viscose is used to make viscose filament or rayon, which is commonly used in dresses, linings, shirts, shorts, coats, jackets, and other outer wear. It is also used in industrial yarns, upholstery and carpets. Polyester is one of the most important filament yarns produced in India comprising 94% of the total filament yarn production in terms of quantity.

It is used in making apparel and home furnishings besides other industrial uses. Polypropylene is a major polymer used in non-woven. Most of it is used for diapers or sanitary products where it is treated to absorb water. Nylon is widely used in the manufacture of carpets apart from being used as industrial yarn in manufacturing of tyre cord. Based on the Fiber and processing, there are 9 major segments in the Textiles sector in India:

i. 'Khadi' and handlooms
ii. Cotton textiles (including raw cotton, ginning, yarn, etc.)
iii. Woolen textiles
iv. Silk textiles
v. Art silk & synthetic Fiber textiles
vi. Jute, hemp, & Mesta textiles
vii. Carpets
viii. Ready-made garments (Apparels)
ix. Textile Handicrafts & Miscellaneous Textile products

2.5 Geographical Clusters:

Indian textile industry is highly fragmented as about 95% of the industry is unorganized. The predominance of Micro, Small and Medium Enterprises (MSMEs) are under pressure to modernize, expand and cut cost as there is increasing internal competition as well as from outside which is forcing individual units to look for economies of scale. A large number of units therefore coming together either in the form of strategic alliances or become a part of the cluster.

Under these circumstances, clusters have come to play a significant role. Several States in India offer an attractive investment climate for players looking to enter the textiles and apparel market. Apart from the specific incentives and support offered by the State Governments, factors such as infrastructure availability, manpower availability and general standard of living are also parameters that affect a company's investment decision. Thus specific geographical locations in the country have emerged as manufacturing hubs for specific products. Major textile producing States are discussed below:

Haryana	**:**	Haryana has emerged as an important cluster especially for furnishings at Panipat. In addition, there are a large number of garment manufacturing units in and around NCR. Gurgaon has emerged as a key buying center.
Andhra Pradesh	**:**	Andhra Pradesh having an abundant supply of raw materials, produces 2.6 million bales of medium and long staple cotton. It ranks second in the production of raw silk, fourth in the production of wool and fourth in the number of textile mills in India. It is one of the leading textile processing centers with over 100 units and produces 13 million meters of cotton cloth per annum.
Tamil Nadu	**:**	Tamil Nadu has the largest cotton textile industry cluster in India which contributes to 39 per cent of the total production in the country. The country's largest textile cluster, Tirupur, is also situated in Tamil Nadu. This cluster accounts for 90 per cent of the country's cotton knitwear exports. The State is emerging as a global sourcing hub for ready-made garments and hosts many global brands.
Gujarat	**:**	The State accounts for 12% share of the total textile exports of the country. Clusters of processing units are located at Surat, Vapi, Kutch, Ahmedabad (Narol) and Jetpur. There are nearly five lakhs of Power looms in Surat, which consume about four lakhs metric tons yarn in

preparing the grey fabrics. About two crores meters of grey textile is manufactured daily in Surat. There are about 450 Dyeing and Printing Units located in and around Surat in various clusters -Pandesara, Sachin, Kadodara and Palsana. These Dyeing and Printing Units are engaged in processing of man-made fabrics, i.e. Dyeing, Bleaching, Printing, and Finishing of grey fabrics. Mostly these units are processing the grey fabrics on job work basis. They receive the grey fabrics from the Traders / Merchant Manufacturers of the market and process the fabrics as per their requirement. There are about 150 wholesale markets in Surat.

Kerala **:** Spinning is the single largest industry in Kerala. Handlooms contribute to 10 per cent of the total exports. Cotton yarn is the most popular textile product, followed by knitted garments and fabrics. The textile-processing complex at Kanjikode, the International Apparel Park at Thiruvananthapuram and the Industrial Export Park at Kochi, offer walk-in-and manufacture environments.

Punjab **:** Ludhiana in Punjab has also emerged as a major cluster for woolen knitwear and hosiery products. Punjab is the biggest centre for Woolen garments and second largest centre for cotton knitwear after Tirupur.

Maharashtra **:** Maharashtra has also emerged as a major centre for modern weaving of the manmade fabrics at Ichalkaranji and Bhiwandi.

2.6 Some structural features of Indian Textile Industry are highlighted below:

The Spinning sector is a highly consolidated and technically advanced sub-sector of the Indian T&C industry. The deregulation of the sector has substantially contributed to the consolidation of the spinning sector. The most important feature of the spinning sector is that 92 percent of the yarn is produced by an organized sector and only a fraction of 8 percent is produced by SMEs.

In contrast, India's Weaving sector is highly unorganized, dispersed, and is controlled by Small Scale Industries (SSI). Only 5 percent of its production takes place in the organized sector. There are about 3.9 million handlooms and 1.8 million power-looms in India. The sector has the highest weaving capacity in the world (61.6 percent of the global weaving capacity). The sector enjoys a distinct advantage in employment generation in the country. Despite these impediments, India continues to enjoy a distinct position in terms of its global ranking of installed capacity of looms. The sector is placed at first position in the global ranking, both in shuttle-looms and handlooms.

However, shuttle-less looms are weaker and are placed at fourth position. The sector faces numerous challenges in the form low productivity, absence of shuttle-less looms, poor technology, restrictive policies and limited market access (Commonwealth Secretariat, 2011).

India is a leading player in the production of fabrics and holds a distinct position in T&C value chains. The power-loom sector has contributed 83 percent to the production of fabrics, followed by 11.4 percent by handlooms and 3 percent by mills. The garment sector has played a crucial role in the overall growth of the T&C sector. It is characterized by a large number of independent small firms located in different regions across the country. The sector controls almost 24 percent of the world's spindle capacity and 8 percent of rotor capacity.

From the analysis, it is found that sector suffers from the following shortcomings:

- **Heavy dependence on cotton:** India's textile industry depends heavily on domestically produced cotton: Almost two-thirds of domestic cotton production is rain fed, which results in wide weather-related fluctuations in cotton production.

- **High Energy and capital cost:** India has high energy and capital costs, and low productivity, all of which add to production costs: As a result, textile and apparel products from India are less competitive than those of China and other developing countries in the international market.

- **Average Low level of investment by the firms:** The average annual investment in machinery per establishment in India's apparel sector is only $2,900, compared with Hong Kong's $2.5 million and China's $1 million. The low level of technology has contributed to low productivity and deprived the sector of benefits of economies of scale. Under Indian labour laws, firms had been discouraged from installing labour-saving machinery and equipment, thereby leading to low sector productivity and inferior product quality.

- **Highly fragmented:** Indian textile industry is also highly fragmented having large number of small-scale industries. These small companies do not have fiscal resources to invest in technological Upgradation and they are not able to generate economies of scale. This leads to inability in establishing a world class competitive player. All the sectors except spinning face the problem of scale. India has very few large firms and other firms are generally smaller than their Chinese or Thai counterparts.

- **Skill and labour productivity:** Though the industry has cheap and skilled manpower, they are less productive compared to other South Asian countries. Low labour productivity due to lack of skills and modernized infrastructure is making Indian textile industry less productive than other competitor nations.

- **Poor Infrastructure:** Technological obsolescence and low degree of modernization in various steps of value chain affects the quality, cost and distribution. The general trend in the country is to go for second hand and outdated looms thus resulting in lower productivity and quality. Raw material from power looms and hand looms is of low quality. Though India is a hub of IT services, they are not effectively implemented in textile sector to improve the productivity.

- **Lack of Technology Upgradation: Government of India has done significant** investment in various schemes and offer programs for the growth and development of the industry. It launched Technology Up gradation Fund (TUF) scheme in 1999. However, TUFs have not benefited all the segments of the textile value chain – large parts of the funds have gone to the relatively healthier spinning sector.

- **Low FDI:** lack of scale and the fragmented nature of the industry have discouraged mega investments in the Indian textile industry. Unattractiveness of the industry has resulted in low FDI inflows, despite 100% FDI being allowed under the automatic route. These drawbacks created a hurdle to make industry more competitive on the global basis.

- **Lack of FTA membership:** India has serious shortcomings in trade pact memberships, which leads to restricted access of the other major markets. This issue made others to impose quota and duty, which put scissors on the sourcing quantities from India.

- **High cycle time for garments**: Cycle time is the key factor in determining the competitiveness of a firm. It has a direct impact on both price and delivery schedule. Cycle time reduction is strongly correlated with high first class yield, high throughput times, and low variability in process times and consequently cost. Currently Indian firms have high lead times and they must reduce their cycle times across the entire supply chain.

- **A limited fabric base and lack of product specialization**: India's production of apparel for export is dominated by cotton. The predominance of cotton apparel reflects the fact that Indian cotton traditionally has been much less expensive than synthetics and cotton blends. In addition, India's Customs and Excise taxes on synthetic fibres, yarns, and fabrics have been significantly higher than those on cotton.

CHAPTER 3

Methodology of Study

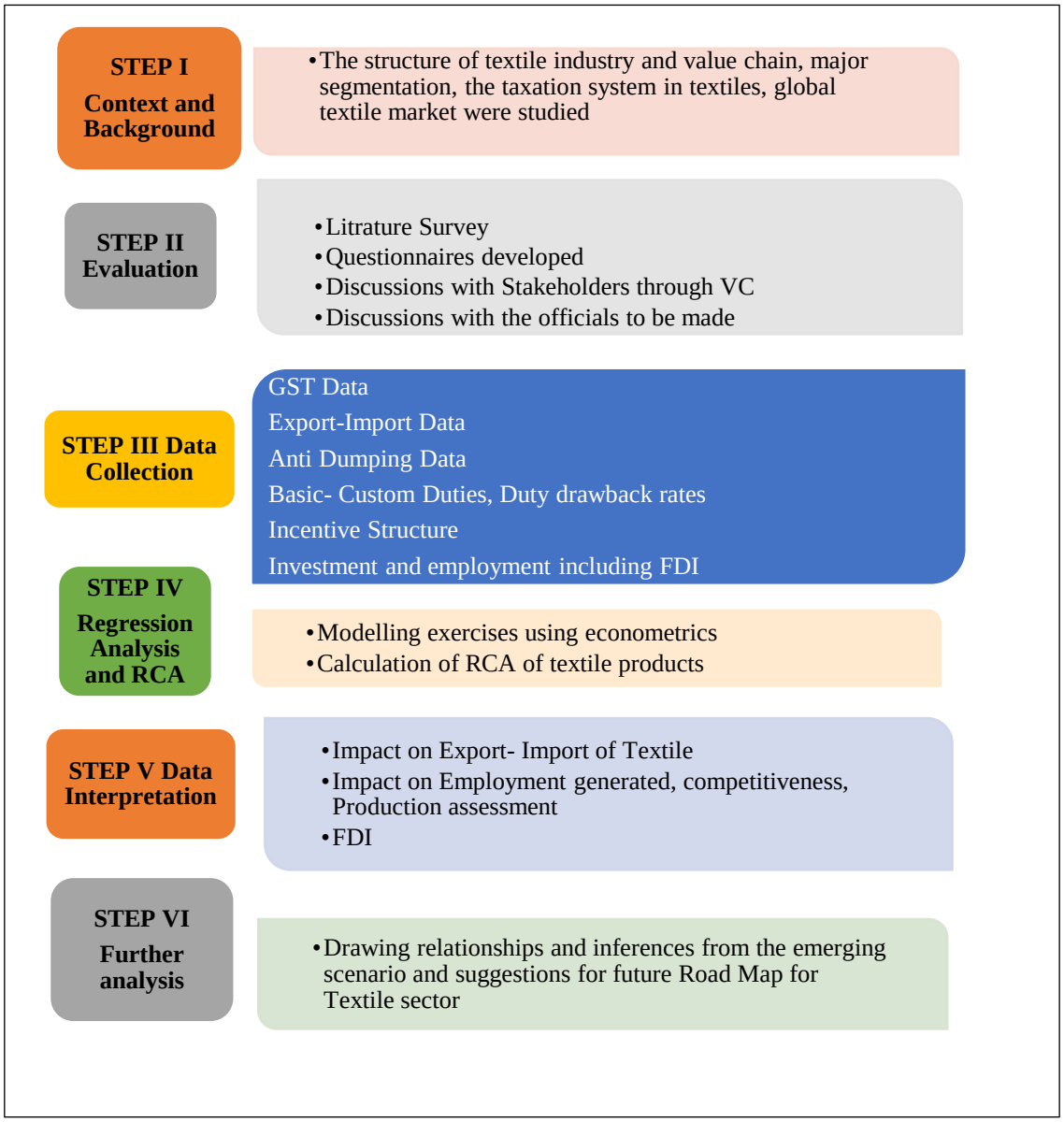
The impact analysis of the study is based mostly on secondary data. The data have also been collected through a structured questionnaire. The questionnaire was sent to Office of Textiles Commissioner (OTxC), Directorate General of Foreign Trade (DGFT), Central Board of Indirect Taxes & Customs (CBIC), Ministry of Commerce and Ministry of Textiles.

The changes made in Basic Customs Duty (BCD), in the Textile Value chain over the period 2016-21 vide various notifications issued by CBIC/ through Budget announcements have been analysed. The Study uses the classification at 4 digit HSN Code for identifying the various items of the Value chain. The rationale and implication of the duty changes has been analysed and a regression model has also been applied to identify the impact of the changes.

3.1 Research Methodology

The following step-wise approach has been adopted by AJNIFM to conduct the study:

Figure 3.1 Flowchart of Research Methodology



Step 1: Context & Background

The study seeks to assess the impact of changes in tax rates on the export, investment, employment and competitiveness in the textile sector. The period of the study is pre-GST regime until 2017 and the changes in the tax structure and rates thereafter till 2021.The structure of taxation in the textile industry in the context of GST reforms and subsequent changes in basic customs duties has been specifically analysed. The structure of textile industry and Value Chain, major segmentation, the taxation system in textiles, global textile market have been studied to discern and assess the impact of changes in tax rates.

A detailed questionnaire (Annexure III) was prepared to seek data from CBIC, EPC, OTxC, Trade &industry on different aspects of the study such as tax rates, custom duty rates, export-import, employment, investment, capacity, production, availability, etc. The most important aspect of the study was to identify the textile items on which Basic Customs Duty was changed in the period 2017-2021 and to link the changes with Export-Import, production and investment.

The regression analysis has been used to find out the relationship of textile exports and imports with GDP, exchange rate, GST, and dummy variables has been applied to capture qualitative aspect. RCA has been calculated for over 400 items to assess the competitiveness of Textile Exports from India.

Step 2: Approach for measuring the impact of the changes in taxation rates and structure

- Collection of information and Data on Tax rates, investment, export-import, employment
- Structured Questionnaire sent to CBIC, EPC's to get the data and relevant information
- Discussions with Stakeholders

Step 3: Collection of Information and Data

- GST and IGST rates on textile products
- India's Export-Import Data of Textile products
- Anti-Dumping Duty on Textile imports
- Duty drawbacks rate on textile products
- Employment, production and investment of the textile sector
- Export Incentives- RoDTEP, ROSL, RoSCTL
- Changes in Basic Custom Duty on Textile products: Chapter 50 to 63 of HSIC
- Amendments in Custom duty notifications over the period 2017-2021

Step 4: Regression Analysis

- To capture and understand the impact and introduction of GST and custom duty changes on export -import and textile value chain
- RCA analysis

Step 5: Data Interpretation and Analysis

- Impact on export- import of textile products
- Impact on investment and manufacturing Capacity
- Impact on competitiveness
- Impact on Employment

Step 6: Conclusion and Way Forward

- Critical issues faced by the Textile sector
- Suggestions and Future Road Map

3.2 Literature Review for Empirical Exercise

One of the oldest and the largest export-oriented industries globally, the textile and apparel industry has supported national development of many countries, including Japan and South Korea. The global apparel industry, particularly has been a key driver of export-led industrialization and economic development. While the extant literature has dealt with many aspects of the textile and apparel industry, in this chapter, we focus on implications of export tax on the textiles industry, in line with TOR.

The implementation of any trade policy (including tariffs, quotas, and anti-dumping) will have direct effects on trade volume, the terms of trade, and trade patterns. The analysis of trade policy indirectly affecting wage rates, employment, and consumption, and hence the overall welfare level has been examined by Fenestra (1995). Among trade policies, an export tax rebate is somewhat different as most other trade policies are mainly barriers designed to limit trade, while tax rebates for exports are aimed at promoting trade.

Theoretically, export tax rebates (ETRs) work like a negative value added tax (VAT). As Feldstein and Krugman (1990), show ETRs cannot promote a country's exports or improve its competitiveness. A VAT levied on all production is non-distortionary, and has no effect on the allocation of resources between the tradable and the non-tradable sector. Such a tax would leave nominal factor prices (measured in foreign currency) unchanged. Hence, even in the short run under fixed exchange rates, a VAT should not be expected to have any effect on trade.

Empirically, the effects of an export tax are often difficult to identify as they are linked to other factors. Hence, there are fewer attempts to measure the effectiveness of export tax rebates (Liu and Weng 1998). Bao et al. (2017) evaluate the effectiveness of China increasing its tax rebate on textile exports to the US. Between July 2008 and May 2009, rebate rates were implemented by China to stimulate exports of textiles and prop up the manufacturing industries. They find that the tax rebate resulted in growth of textiles exports by approximately 6 to 25%. The study employs uses Harmonised System six digit data.

3.3 Methodology for the regression exercise

The study employs a panel data estimation to understand the impact of GST on exports and imports. The cross section of the panel is the tariff lines (in HS terms) which is **1921** lines of textiles and clothing items in case of exports and **1805** lines of textiles and clothing in case of imports. The time period for the study is the period 2014 to 2019 i.e. 6 years.

3.4 Modelling Exercise

The modelling exercise will try to understand i) if the introduction of GST had an impact on exports in the textile value chain ii) understand the impact of the customs duty changes on imports in the same chain.

For the first exercise, the dependent variable is exports volume. A panel data structure has been adopted. This refers to samples of the same cross section units (in this case tariff lines) observed at multiple points in time, from 2014 to 2019. The panel data has two dimensions: cross section and time. In our casex_{it}, where i runs from 1 to N (which is 1921), cross section units of tariff lines. The time dimension is captured by t running from 1 to T (which is 2014 to 2019 in our case). The independent variable includes the dummy variables for the group (HS

category) and the time periods indicating the notification of GST, and other control variables like the exchange rate and income levels in the destination markets to capture the time varying aspects of the trade.

The modelling exercise can be understood in terms of the following equation:

$$x_{it} = f\ (REER_t, GVA_t, GST, cross\ section\ dummies, time\ dummies) + \varepsilon_{it}$$

Where, x_{it} is the exports of commodity i (in HS 6 digit) at time t and denotes the time dimension. The years under consideration are 2014 to 2019. Since all the exports under the textiles and clothing have been considered, the number of observations per year are 1921. The GDP is in terms of Gross Value Added (GVA) at base prices and real effective exchange rate (REER) for the period has been taken from the RBI. ε_{it} Represents the error terms in the equation. The following table shows the results obtained through the exercise.

Table 3.1: Regression exercise
(Dependent variable – exports of textiles and clothing 2014-15 to 2019-20)

Independent variables	Equation (1)		Equation (2)	
	Coefficient	T statistic		
REER	-2355.49	-3.63	-417.23	-3.85
GST			-16.90	-0.02
GVA	-0.0002	-2.08	-0.0007	-2.85
Year dummies 2014	4572.53	3.72	-	-
Year dummies 2015	4250.77	3.79	-	-
Year dummies 2016	12415.9	3.51	-	-
Constant	234065.1	3.59	53886.09	3.38
Adjusted R^2	0.96	-	0.96	-
Number of observations	11526	-	5763	-

As can be seen from the table (both equation 1 and equation2), the real effective exchange rate (REER) and GVA are negatively affecting exports. In addition, what has not been reported in the table is the cross-section dummies that have been used in the regression (for the 1921 commodity lines).5 Most of the variation in the dependent variable is coming from the cross section. The year dummies have the expected sign. The coefficient of the cross-section dummy helps in interpreting the difference between tariff lines, holding other variables such as REER and GVA constant. The positive coefficient of such a variable should be interpreted as the following:

The impact of that tariff line on the exports of textiles and clothing in India is greater than the impact of other tariff lines. The time dummies have to be interpreted similarly.

The impact of the GST on exports could work either through one of these channels: if the government provides tax exemptions for the expansion of the exports sector, the higher rate of tax can have a negative effect on domestic demand, thereby increasing the exportable surplus. The tax should be positively related with exports. The second channel, which may again positively impact the exports, can work through the ease of obtaining the input tax under the new regime unlike the duty drawback system of the earlier regime. The GST variable has no significant impact on the exports and has been reported in equation (2) the table above.

II) Similarly, the imports value has been also used as the dependent variable in the second exercise. The independent variables include the dummy variables for the group (HS category) and the time periods indicating the notification of GST, and other control variables like the

[5] This has not been reported in the table since the table would have to include 1921 rows for each cross section.

exchange rate to capture the time varying aspects of the trade. A panel data structure has been adopted in this case too. This refers to samples of the same cross section units (in this case tariff lines) observed at multiple points in time, from 2014 to 2019. The panel data has two dimensions: cross section and time. In our casem_{it}, where i runs from 1 to N (which is 1805), cross section units of tariff lines. The time dimension is captured by t running from 1 to T (which is 2014 to 2019 in our case).

The modelling exercise can be understood in terms of the following equation:

$$m_{it} = f\ (REER_t, GVA_t, GST, cross\ section\ dummies, time\ dummies) + \mathcal{E}_{it}$$

Where, m_{it} is the imports of commodity i (in HS 6 digit) at time t. The years under consideration are 2014 to 2019. Since all the imports under the textiles and clothing have been considered, the number of observations per year are 1805. The GDP is in terms of Gross Value Added (GVA) at base prices and real effective exchange rate (REER) for the period has been taken from the RBI. $\mathcal{E}_{it}$ Represents the error terms in the equation. The following table shows the results obtained through the exercise.

Table 3.2: Regression Exercise
(Dependent variable – Imports of Textiles and Clothing 2014-15 to 2019-20)

Independent variables	Equation (1)		Equation (2)	
	Coefficient	T statistic	Coefficient	T statistic
REER	-31.10	-0.85	-36.24	-1.00
GVA	-0.0002	2.00	0.0001	2.03
GST	-1754.78	-1.76	126.08	0.40
Tariff	-85.81	-1.24	-	-
GST interaction with tariff	130.32	1.78	-	-
Constant	2589.42	0.51	1503.49	0.31
Adjusted R^2	0.86	-	-	0.84
Number of observations	5349	-	10830	-

The table shows that the variable that is significant is GVA. In addition, what has not been reported in the table is the cross-section dummies that have been used in the regression (for the 1805 commodity lines). Most of the variation in the dependent variable is coming from the cross section. The year dummies have the expected sign.

The GST variable has no significant impact on the imports. However, when considered as an interaction term with customs tariff, both the GST dummy and the interaction term are negatively significant. This indicates that the effect of the GST on imports increases as customs tariff is considered. The effect of customs tariff on imports is nearly significant without the interaction term.

The impact of GST and tariff on imports has also been examined (GST + tariff). The variable is insignificant and is reported in equation 2. The anti-dumping data is very scanty and could not be used in the regression analysis.

To sum up the regression analysis, the results indicate that **there is no impact of GST on exports. In the case of imports, GST has an impact – this impact is significant only when considered along with customs tariff. This indicates that the impact of the GST adds to the impact of customs tariff on imports.**

3.5 Literature on RCA

Ever since the seminal paper by Teece (1986), a great deal has been written trying to throw light on the very factors that Teece emphasized. Firms establish their technical capabilities by either doing R&D, learning from other firms or through strategic alliances. This is especially true in the stages when the technology gap in the industry is large. However, Hausmann and Rodrik (2003) point out that an entrepreneur who attempts to produce a good for the first time in a developing country faces cost uncertainty in terms of the tinkering and local adaptation even when the technology is standardized. The importance of cospecialized assets as observed by Teece becomes critical in such cases. Firms that have established overseas contacts and export presumably do so, on the basis of some advantages that they possess over other firms. Such firms explore the underlying cost structure of the economy and exports by them are determined by fundamentals and the institutional structure of the country (Hausmann, Hwang and Rodrik 2005). We examine an aspect of this literature by focusing on the domestic endowments of the firms. Normally the concept of factor endowments is related to countries: countries trade on the basis of such advantages. How do these advantages translate to in terms of their performance? The link between efficiency and exports has been questioned on the grounds that the causality from exports to efficiency may in fact, run from exports to efficiency (Bernard and Jensen 1999). Empirically, the concept of revealed comparative advantage developed by Balassa (1965) has been used to understand competitiveness.

The measure of RCA proposed by Balassa (1965) is used as a measure of competitiveness in international markets. This measure has been critiqued for it is not easily comparable across goods nor does it lend itself to ordinal ranking. That is, if the value is two times for a product, it does not necessarily mean that the country is twice as competitive in that product. Also, it is an "ex post" measure since it is based on trade flows. However, if it is used to merely indicate whether a country is a significant exporter (and hence must be competitive) by showing a higher export share in its export bundle, it can be used to indicate competitiveness, Kowalski et al. (2015). Rout and Saini (2021) compute RCA for textiles products and finds that India has a significant advantage in man-made yarns, fibres, and technical textiles. An analysis of the top 10 export markets indicates that India enjoys a comparative advantage in 53 of 319 products.

3.6 Calculation of RCA

For the report, India's RCA at different HS codes has been computed using the following formula:[6]

$$RCA_{Indiai} = \frac{\frac{India's\ \ exports\ of\ product\ i}{India's\ \ aggregate\ exports}}{\frac{World's\ \ exports\ of\ product\ i}{World's\ aggregate\ exports}}$$

Where India′s exports of product i = India's exports of a particular HS code

India′s aggregate exports = India's aggregate exports

World′s exports of product i = World's exports of a particular HS code

World′s aggregate exports = World's aggregate exports

The calculation covers HS codes from 50 to 63.

6 Source: https://unctadstat.unctad.org/en/RcaRadar.html

The data has been sourced from UN COMTRADE WITS database at the 6-digit level. The computation reveals that India is competitive in 420 items of textile and clothing (out of 779 items exported in 2014). Similarly, it is competitive in 433 (out of 779 items exported) in 2015, 422 (out of 774 items exported) in 2016, 417 (out of 782 items) in 2017, 414 (out of 788 items exported) in 2018 and 419 (out of 783 items exported) in 2019. RCA results are given at **Annexure V**

CHAPTER 4

Global Textile Market and India

4.1 Global Textile Market: Characteristics and Trends

The textile industry has a global supply and value chains spread across many countries and continents. Production has, in general, shifted to least developed or developing countries. The bulk of production remains in Asia, although the production market in some non-Asian developing countries is growing: e.g. Panama, Chile, and Egypt. Countries like Turkey, Morocco and Tunisia have emerged as key players when it comes to exports to the EU-28 countries. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market over 2021-28 period[7]*.

India is the second-largest textile manufacturing industry and is responsible for more than 6% of the total textile production, globally. The three world largest apparel markets are the United States, China, and Japan in descending order. China is the world's leading producer and exporter of both raw textiles and garments. The United States is the leading producer and exporter of raw cotton, while also being the top importer of raw textiles and garments. The textile industry of the European Union comprises Germany, Spain, France, Italy, and Portugal at the forefront with a value of more than 1/5th of the global textile industry.

China has lost some share of global textile market while still being the largest exporting nation. The opportunity arising because of China's falling share can help countries like India, Bangladesh, Vietnam, etc., to increase their trade share. The beneficiary nations of this opportunity would be those that have competitive manufacturing cost, FTA advantage with key markets, and good export infrastructure. But, the main issue to be addressed would be development of textile capability and scale of manufacturing comparable to that of China. Beyond the productivity, service and product development will be important for filling the void created by China. FTAs with US and the EU will be an added advantage but it is important to note that China thrived without them. These are some of the mega trends that will impact the industry structure over the next decade.

4.2 Global Market Trends

Cotton led the market for textile and accounted for the largest revenue share of more than 39.0% in 2020. Cotton is the world's most important natural fibre, which is attributed to its superior properties such as high strength, absorption, and colour retention. China, India, and the U.S. are the major producers of cotton and cotton-based products in the world. Polyester is expected to witness a growth rate of 4.2% from 2021 to 2028, which can be attributed to its different properties such as high-strength, chemical and wrinkle resistance, and quick-drying.

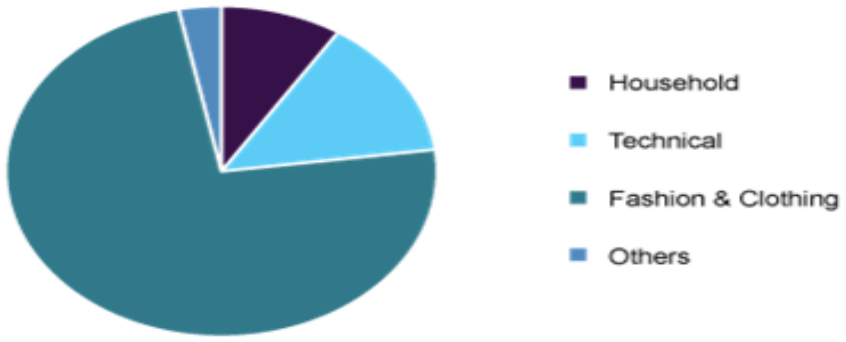
Nylon is the third-largest product used in the textiles industry. It is widely used in apparel and home-furnishing applications owing to its high-resilience, elasticity, and moisture-absorbing properties. In addition, it acts as a substitute for silk-based products such as women's stockings, parachutes, flak vests, and various others.

The fashion segment led the textile market and accounted for more than 74.0% of the global revenue share in 2020, owing to the increasing consumer spending on clothing and apparel. In addition, high consumer requirements for crease-free suiting and shirting fabrics, as well as quality dyed and printed fabrics across the globe, is likely to drive the global market demand

[7] https://www.grandviewresearch.com/press-release/global-textile-market

for textiles from 2021 to 2028. An increase in demand for formal and casual wear and other fashionable clothing among all age groups of the global population is the major growth driving factor for the market. Moreover, increasing population and urbanization in the emerging economies such as India, Bangladesh, Vietnam, Brazil, and others are likely to increase the demand for clothing and apparel, thereby positively contributing to the market.

Figure 4.1 Global Textile Market share by application, 2020



Source: www.grandviewresearch.com

Demand for textiles in the technical segment is expected to grow at a significant rate of 3.7% over 2021-28 period, owing to its high-performance properties and end-user applications. In addition, increasing applications in construction, transportation, medical and protective clothing have boosted the use of the same, which is consequently driving the market.

4.3 Global Textile trade

In 2019, Textiles were the world's 7th most traded product, with a total trade of $802 Billion. Between 2018 and 2019 the exports of Textiles decreased by -1.3%, from $812Billion to $802Billion. Trade in Textiles represent 4.43% of total world trade. In 2019 the top exporters of Textiles were China ($248Billion), Bangladesh ($42.8Billion), Vietnam ($41.2Billion), Germany ($37.3Billion), and India ($35.5Billion). In 2019 the top importers of Textiles were United States ($119Billion), Germany ($58.8Billion), Japan ($36Billion), United Kingdom ($34Billion), and France ($33.9Billion).

4.4 Global Tariff rate on Textiles

In 2018 the average world tariff for Textiles was 15.4%, making it the 5th lowest tariff using the product classification. The countries with the highest import tariffs for Textiles are Iran (60.4%), Syria (29.9%), Ethiopia (28.9%), Bahamas (28.7%), and Sudan (26.8%). The countries with the lowest tariffs are Hong Kong (0%), Singapore (0%), Switzerland (0%), Mauritius (0.42%), and Sri Lanka (0.59%).

Fastest Growing Market

Between 2018 and 2019, the exports of Textiles grew the fastest in Vietnam ($2.93B), Honduras ($1.63B), Bangladesh ($1.51B), Myanmar ($1.12B), and Brazil ($962M).

Between 2018 and 2019, the fastest growing importers of Textiles were Saudi Arabia ($1.53B), United States ($1.53B), India ($863M), Greece ($752M), and Myanmar ($557M). In 2019, the countries that had a largest trade value in exports than in imports of Textiles were China ($219B), Bangladesh ($30.3B), India ($26.2B), Vietnam ($18.9B), and Turkey ($18.7B).

In 2019, the countries that had a largest trade value in imports than in exports of Textiles were United States ($94.4B), Japan ($27.3B), United Kingdom ($22.5B), Germany ($21.5B), and France ($17.7B). In 2019, the world most traded Textiles, disaggregated by their HS6 level were T-shirts, singlets and other vests, of... ($31.3B), Mens, boy's trousers & shorts ($26.7B), Pullovers, cardigans etc. of manmade fibres ($25.8B), Pullovers, cardigans etc. of cotton, knit ($25.2B), and Women's, girl's trousers & shorts ($20.9B). (OEC - The Observatory of Economic Complexity) (https://oec.world/)[8].

4.5 India's Avg Tariff rate on Textiles

In 2018, the average tariff for India in Textiles was 8.91%. The countries with the highest import tariffs for Textiles were Paraguay (Most Favoured Nation duty rate treatment, 9.94%), Argentina (Most Favoured Nation duty rate treatment, 9.94%), Brazil (Most Favoured Nation duty rate treatment, 9.94%), Uruguay (Most Favoured Nation duty rate treatment, 9.94%), and Chile (Most Favoured Nation duty rate treatment, 9.93%).

4.6 Direction of India's Textile Exports

In 2019, India exported $35.5B in Textiles. The main destinations of India exports on Textiles were United States ($7.5B), Bangladesh ($2.06B), United Kingdom ($2.03B), United Arab Emirates ($1.96B), and Germany ($1.76B).

In 2019, India imported $9.29B in Textiles, becoming the 24th largest importer of Textiles in the world. At the same year, Textiles was the 10th most imported product in India. India imports Textiles primarily from: China ($4.1B), United States ($774M), Bangladesh ($704M), Vietnam ($353M), and Indonesia ($266M). The fastest growing import markets in Textiles for India between 2018 and 2019 were United States ($260M), Bangladesh ($173M), and China ($147M). In 2019, India imported $9.29B in Textiles, mainly from China ($4.1B), United States ($774M), Bangladesh ($704M), Vietnam ($353M), and Indonesia ($266M).

In 2019, India had a positive net trade in textiles with:

- United States, $6.72B ($7.5B - $774M)
- United Kingdom, $1.98B ($2.03B - $48.9M)
- United Arab Emirates, $1.88B ($1.96B - $74.7M)

In 2019, India had a negative net trade in textiles with:

- China, -$2.68B ($1.42B - $4.1B)
- Hong Kong, -$128M ($105M - $232M)
- Chinese Taipei, -$77.2M ($69.3M - $146M)

The fastest growing textiles export markets for India were (2018 - 2019):

- United States, $297M (4.12%)
- Nigeria, $176M (57.2%)
- Saudi Arabia, $163M (30.6%)

The fastest declining markets for the export of textiles by India were (2018 - 2019):

- Pakistan, -$555M (-69.1%)
- China, -$439M (-23.6%)
- Bangladesh, -$435M (-17.5%)

In 2019, India's main exporting competitors in textiles were:

[8] https://oec.world/

- China, $248B
- Bangladesh, $42.8B
- Vietnam, $41.2B

In 2019, India's main importing competitors in textiles were:

- United States, $119B
- Germany, $58.8B

4.7 India's T&C Industry strength and competitiveness

India's T&C industry has strength and competitiveness in the global market because India has abundant raw materials, low labour costs, and vertically integrated production facilities (Anthony and Joseph 2014, p. 22). As T&C is a labour-intensive industry, labor cost is a crucial factor in competitiveness and productivity. India's labour cost is much lower compared to those of China and other countries, which makes India's T&C attractive. In 2011, the manufacturing hourly compensation cost in India was US$1.59, which was much lower than those of the U.S. and Korea, as shown in Table 1. China's manufacturing hourly compensation cost in 2011 was US$2.62 and that of the Philippines was US$2.02.

Table 4.1 Manufacturing hourly compensation costs.

Year	India	Philippines	China	Korea	U.S.
					(Unit: US$)
2002	0.73	1.02	0.6	10.25	27.36
2005	0.91	1.2	0.83	14.83	30.14
2008	1.26	1.75	1.59	16.85	32.78
2011	1.59	2.02	2.62	19.25	35.51
2016	1.69 (2014)	2.06	4.11 (2013)	22.98	39.03

Source: The Conference Board International Labour Comparisons program (2018)

India is one of the most cost competitive textile manufacturing base for entire value chain of T&A. Labour cost in India is lower than most of the competing countries except Bangladesh, Ethiopia and Kenya. Although power cost is on the higher side but still cheaper than China and Cambodia. Importers look at India as an alternative of China due to quality, its cost competitiveness, better adherence to compliance and political stability. The table below gives a comparative picture of labour Cost, Power cost, Lending rate and Water cost:

Table 4.2 Cost Advantage in India amongst the Other Nations

Country	Unit	India	Bangladesh	China	Vietnam	Cambodia	Ethiopia	Kenya
Labour Cost	US$/ month	140-160	100	500-550	180	190	50-60	125-150
Power cost	US cents/Kwh	10-12	9-12	15-16	8	22	4	9
Lending rate	%	10-12%	13%	5-6%	6-7%	15%	8.5-9.5%	16-18%
Water cost	US cent/ m3	18	20.5	57	50-80	70-90	30-40	150-180
Backward Integration	India and China have complete value chain of textile business i.e. from fibre to finished products. Bangladesh and Vietnam have strong garment manufacturing capacity but very limited backward linkages to support the competitiveness							

Source: https://niveshmitra.up.nic.in/Textiles.aspx

Given the cost advantage of India, potential for India to grow in T&A exports is immense particularly as the China, the global leader is facing higher cost of production with increase in wages and focusing on a shift to services, and some of the other competing countries like Turkey,

Bangladesh etc witnessing political instability, high inflation, currency appreciation and concerns over workplace conditions.

Due to technological developments in Ginning & Pressing Machinery, India now produces reasonably good quality cotton and this has also helped the acceptance of Indian Cotton in the world. The Indian Textile Industry is now getting better cotton, thus can produce world-class fabrics and resultant benefits are accruing. (Begum and Das 2018, pp. 37–38).

India's spinning processing also has price and variety competitiveness. In addition, vertical integration in production system leads to a lower production cost, as shown in Table 4.2. Spun yarn spinning industry is one of the few industries in India which has gained global eminence for many factors which include scale, productivity and quality standards, share in global yarn trade, dependable supplier of quality products, etc. India has the second largest capacity for spinning with 48 million spindles, is the market leader in global yarn trade with 30% share in export about 1.2 billion kilos of yarn every year. According to the study of production cost done by ITMA, India's production costs of spun yarn and of woven and knitted fabrics were lower than those of China and other countries such as the U.S. and Korea.

Table 4.3 International Production Cost Comparison in 2014.

Country	Spun	Woven Fabric	Knitted Fabric
			(US$/kg)
China	4.51	1.13	1.07
India	3.52	0.9	0.83
Indonesia	3.33	0.82	0.79
Korea	3.71	1.03	0.9
U.S.	3.51	1.01	0.86

Source: International Textile Manufacturing Federation

However, it is to be noted that competitiveness is also increasingly determined by other factors like quality, delivery schedule, reliability, promptness, flexibilities, etc. Over the last decade, low cost countries like Bangladesh and Vietnam have added to their capacity significantly and have already reached capacities of 14 million and 7.5 million spindles respectively. Though bulk of the yarn produced in these countries go for captive consumption, India needs to further augment the capacity to add to the share in the global yarn trade.

4.8 Global Value Chain (GVC) and India

Global value chains (GVCs) dominate international production, world trade and investment flows today. This globalization of production processes allows different stages of production to take place in different geographical locations (Baldwin & Venables, 2013) and helps them to enhance their production capacity by minimizing cost and maximizing profits (Asian Development Bank, 2014). India's' textile sector consists of several sub-sectors, which makes it the longest value chain in the manufacturing industry. Cultivation of raw cotton is the first stage of value chain and leads to the manufacturing of readymade garments and made-ups. Moving along the value chain provides a large value addition at each stage as one moves from cotton ginning to readymade garments.

Global T&C value chains include a range of actors that include global lead firms, intermediate players, and suppliers that are positioned at different stages of T&C value chains. Global large firms (buyers) concentrate more on high value-added activities (research & development, design, distribution and branding) while intermediate players and suppliers focus more on manufacturing operations, such as production of yarn and made fabric.

The big retailers and marketers, and traders drive the market (i.e. they determine where to produce, what to produce and at what prices). These buyers are retailers and brands, typically situated in developed countries in Europe, Japan and the US. These brands do tasks such as branding, design, marketing and they outsource the production of the garments. The most labour-intensive parts of the chain are in developing countries, whilst most knowledge intensive parts remain in developed countries.

Asia dominates garment production, although the market in some non-Asian countries is growing: e.g., Panama. Recent years have also seen a change in how garments are sourced: there has been a move towards consolidation of supply chains. This is likely a result of market demand for 'fast fashion'.

According to surveys conducted in 2010 covering 127 firms and 25 respondents in five apparel production centres in Bangalore, Delhi, Kolkata, Ludhiana, and Tirupur, garment production in India is organized according to the production logistics of a handful of large firms. This results in low integration of Indian garment exporters into the global value chain. According to the survey, the biggest constraints for Indian firms are production costs, time involved in exports and competition from other countries. Specifically, factors such as high electricity and raw material costs make it difficult for manufacturers to meet strict quality requirements for exports and deliver exports on schedule.

India needs to boost its participation in the manufacturing global value chains. PLI scheme is likely to boost manufacturers' integration in global textile value chain. India also has an opportunity to fill the void created by China in the global textile market owing to rising labour costs. It can revive falling exports and boost employment by integrating itself into the global textile value chain. We need to create the right product–geography mix by evaluating local consumption markets, overall import base, growth potential, and India and China's relative performance in export volumes and growth. Currently, India has competitiveness in the high volume-low value addition parts of the market given high interest rates and a more challenging industrial relations environment. Hence, higher value addition, higher service level and wider customisation requirements, but smaller volume businesses, are more suited for India to gain share in.

4.9 India's global footprint in Textile Products

Table 4.3 gives the top 10 exporters of clothing and textiles in 2000, 2005, 2010 and 2020 in the world. India occupies the 5th position in the exports of clothing as of 2020 and 3rd position as far as textiles exports is concerned in the world. We can see that India's share in clothing exports since 2000 has remained at 3%, while the share of countries like Viet Nam and Bangladesh have increased significantly (or doubled in the case of Bangladesh) in the same period in clothing exports. The countries that lose their position among the top 10 include USA and Cambodia in clothing.

India's share has increased marginally from 3.6% in 2000 to 4.2% in 2020 in textiles. Over the same period, China has increased its share from 10.3% to 43.5% in textile exports. Incidentally, the share of the EU has decreased from 33.4 to 18.1% in the same period.

Table 4.4: Top 10 Exporters of Clothing (2000-2020)

Clothing	2000	2005	2010	2020	2016	2017	2018	2019	2020
Countries	**Share (%)**				**USD billion**				
China	18.2	26.6	36.6	31.6	161	158	158	152	142
EU	26.4	29.3	26.9	27.9	117	130	143	136	125
Viet Nam	0.9	1.7	2.9	6.4	28	29	32	34	29
Bangladesh	2.6	2.5	4.2	6.3	25	27	32	31	28
Turkey	3.3	4.2	3.6	3.4	18	18	16	16	15
India	3.0	3.1	3.2	2.9	15	15	17	17	13
Malaysia	1.1	0.9	1.1	2.2	7	8			10
UK	2.1	1.8	1.6	1.9	6	7		9	8
Hong Kong, China					16	8	14	9	8
Indonesia	2.4	1.8	1.9	1.7	6	6	9	9	8
Cambodia							8	9	
USA							6		
Above 10	65.1	74.5	82.1	84.2	384	399	421	411	378

Source: WTO, World Statistical Review, various years

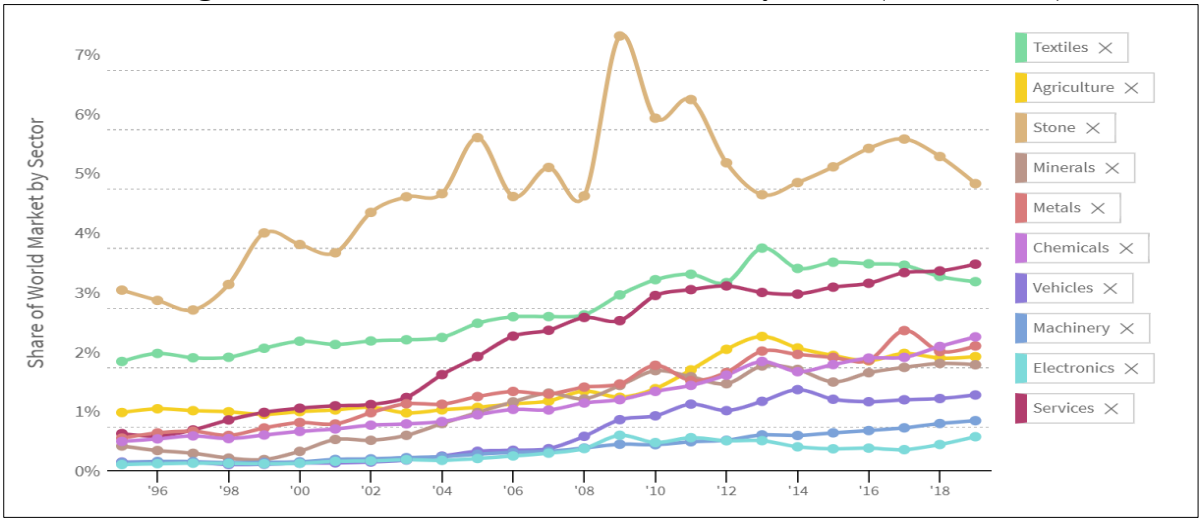
Table 4.5: Top 10 Exporters of Textile (2000-2020)

Textiles	2000	2005	2010	2020	2016	2017	2018	2019	2020
Countries	**Share (%)**	**USD billion**							
China	10.3	20.2	30.4	43.5	106	110	119	120	154
EU	33.4	32.5	25.3	18.1	65	69	74	66	64
India	3.6	4.1	5.1	4.2	16	17	18	17	15
Turkey	2.4	3.5	3.5	3.3	11	11	14	13	12
USA	7.0	6.1	4.8	3.2	13	14	12	12	11
Viet Nam	0.2	0.4	1.2	2.8	7	7	10	9	10
Rep. of Korea	8.1	5.1	4.3	2.2	10	10	9	9	8
Pakistan	2.9	3.5	3.1	2.0	9	8	8	7	7
Chinese Taipei	7.6	4.8	3.8	2.0	9	9	8	9	7
Japan	4.5	3.4	2.8	1.6					6
Hong Kong, China					8	8	7	6	
Above 10	80.0	83.5	84.5	83.0	246	256	272	262	294

Source: WTO, World Statistical Review, various years

Figure 4.2 given below shows India's export share in world market in all sectors from 1996 to 2018. The highest share is reported by the sector stone which increased from 3 % in 1996 to 5 % in 2018. In this period the share of textiles (and clothing) has increased from 2% to 4% (in 2013 when it was highest). It has declined somewhat since then. The importance of services exports is well documented in the figure.

Figure 4.2: India's share of world market by sector (1996 to 2018).



Source: Ministry of Commerce

Figure 4.3 shows India's exports by categories in the textile segment in the year 2019. From the figure we can see that the share of cotton yarn is the highest at 6.98%.

Figure 4.3: India's Export of the Textile Sector 2019

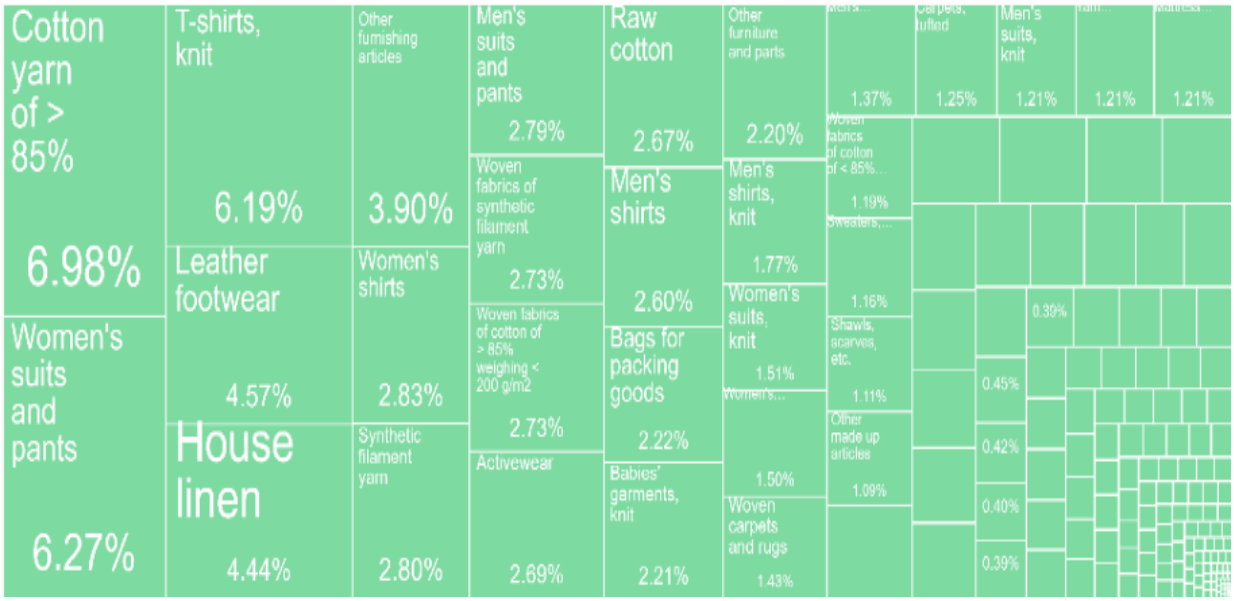
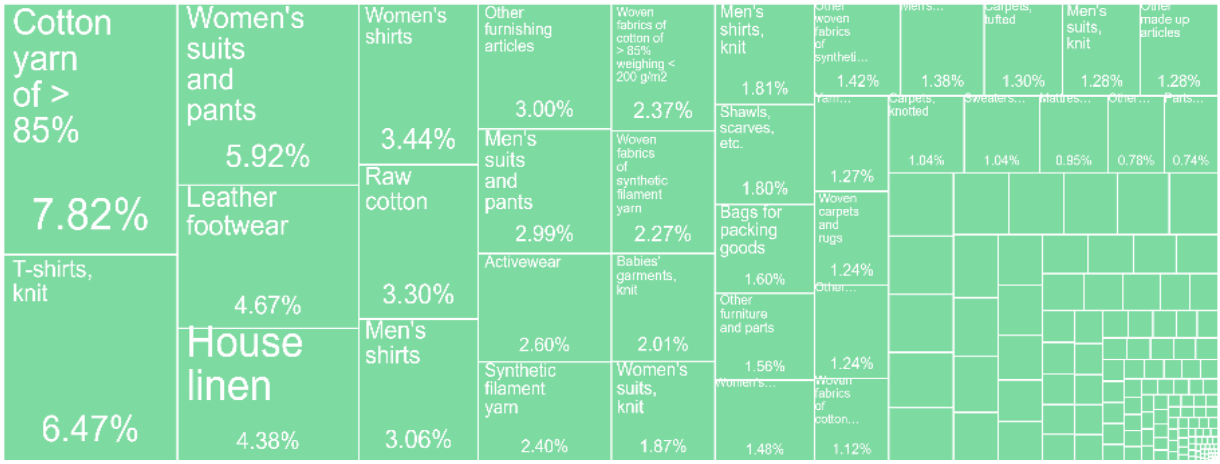


Figure 4.4 shows the same share in 2014. From that figure we can see the share of cotton yarn in India's total exports, has in fact declined in 2019 from 7.82% in 2014.

Figure 4.4: India's Export of textile sector 2014



4.10 Global Textile and Apparel Trade and India's share

The global apparel market is primarily composed of world's largest economies of US, European Union (EU), Japan and China. The US and EU are the world's largest apparel importers accounting for 60% of total global imports, followed by Japan with a share of 7-10%. Driven by rising labor cost and strong currency, China has been losing market share over the last few years. On the other hand, exports from Bangladesh and Vietnam have been growing rapidly and Bangladesh is the second largest RMG exporter globally (after adjusting for intra EU trade). Countries like Turkey, Morocco and Tunisia have emerged as key exporters to EU recently on account of their proximity to EU nations. The share of India in global RMG exports has hovered around 3 to 4%.

India's apparel exports grew at a CAGR of 5.7% from $10.7bn in FY10 to $16.7 bn in FY18. The growth in exports can be attributed to shifting of the apparel manufacturing base from the developed countries like the US and the EU to the low-cost countries such as China, Vietnam, India, Bangladesh and others. Multi Fiber Agreement phase-out at the end of 2004 also helped India to increase its exports. After witnessing a marginal growth of 2.4% in FY17, RMG exports reported a negative growth rate of 3.8%. In FY18, India's garment exports also reduced primarily due to competition from countries like Bangladesh, Sri Lanka etc. which have low production cost and enjoy preferential duty access in key markets.

The USA is the single largest importer, while the European Union is the largest regional importer. The US disengagement from several multinational partnerships coupled with the Indian government's measures to boost exports will help Indian exporters gain market share in the US in the long run. On the other hand, India is projected to lose market share to Bangladesh and Vietnam for RMG exports to the EU, because of lower competitiveness as Bangladesh has duty free access to the EU and Vietnam is expected to gain such access in a longer period.

There are many reasons for India not being able to increase its share of RMG in the global arena. Bangladesh is riding on free trade agreements (FTAs) and lower wages to edge out competitors in international market. During the time India saw a slide in exports, Bangladesh nearly doubled its shipments. Bangladesh has started making inroads in India's readymade garments (RMG) market, due to manufacturing cost advantages. Their two other basic advantages over Indian manufacturers are cheaper electricity and cheaper labor. In the pre-GST regime, the government had protected domestic garment manufacturers

through levy of countervailing duty on import, equivalent to the excise duty on domestically manufactured garments, in addition to education cess. With introduction of GST from July 2017, import of RMG from Bangladesh jumped significantly. In terms of volume and market size, overall import from Bangladesh isn't so much. However, the fast increase poses a threat for Indian manufacture.

India has emerged as the largest producer of cotton in the world, and the second-largest exporter of cotton. However, poor quality of Fiber, both in fineness and length, are major concerns. Indian textile industry, predominantly being a cotton-based industry, its apparel exports are also skewed towards cotton which contributed approximately 51% of the overall apparel exports in FY18. Man-made Fiber forms the second-largest segment contributing about 28% to the overall apparel exports from India. MMF has steadily cannibalized the share of cotton apparels, mainly due to the price differential and the cotton availability. Additionally, to remain competitive in the global market, India needs to diversify its Fiber base, as global consumption is diversified and MMF holds a much larger share as compared to cotton.

China and Bangladesh are the largest importers of cotton yarn from India, who add value to the yarn and then export the same at a lower cost compared to India. India needs to upgrade its position from a supplier of cotton yarn to a producer of value-added fabrics and garments. While India leads in cotton yarn exports, it has been a very marginal player when it comes to cotton fabric in world exports. China has a substantial share of 51% in cotton fabrics when compared to India's 5%–6%; the situation is almost the same in case of MMF fabrics. This comparison suggests that India is not able to scale up the value chain significantly enough to meet the global demand despite being the largest producer and exporter of cotton yarn.

Approximately 95% of the weaving sector in India is unorganized in nature. The decentralized power loom and hosiery sector contributes 85% of total fabric production. The processing segment is also dominated by a large number of independent, small-scale enterprises. Since, the weaving/processing sector in India is dominated by small-scale enterprises, it has challenges such as inadequate know-how, low focus on research, innovation in new product development and low technology Upgradation. Further, low productivity and automation levels also remain one of the biggest woes for the weaving industry. Due to these factors, the overall performance of fabric production in India is getting dampened. The weaving sector still remains one of the weakest links of the Indian textile and apparel industry.

India has only 2% share in global shuttle-less looms (i.e. modern looms) installed capacity. The cost of production in India also goes up due to poor technology levels and low scale of operations, as 95% of the weaving sector in India is unorganized and in small scale. India also lacks the presence of large fabric manufacturers when compared to China and the US.

4.11 Global Opportunity in MMF

While India is the market leader in yarn trade, more than 95% of the yarn exports is mainly cotton based. Similarly, more than 80% of the garments and made-ups exported are cotton based. Out of the 6 billion kilos of yarn produced in the country every year, more than 75% is cotton based because of abundant availability of cotton as a raw material in India. However, the opportunities available in the global market for synthetics and blend-based products are abundant both in finished products like garments & apparels and in intermediate products like yarn& fabric.

India has to significantly improve the ecosystem for synthetic based products. India has more than 15 million spindles which are older than 20 years and need urgent modernisation. The industry should focus on replacing all these older capacities with latest technology machines to have significant gains on productivity, quality, energy efficiency and reduction in labour compliment through automation.

The value of Indian MMF exports was roughly USD 2.6 billion in FY21, while world trade is about USD 200 billion. Meanwhile, MMF textiles account for 70 per cent of the total global consumption, followed by that of textiles made from natural fibres. That's why, RMG exports from India have remained stagnant, in the range of USD 16 Billion to USD 17.5 Billion during FY15 – FY19.The world wants MMF, and India is mostly selling cotton, which needs to be changed. India has an abundant supply of MMF fibre and yarn but we do not have enough production of quality MMF fabric. The PLI scheme launched in November 2020 will strengthen the Indian manufacturing capacity of MMF fabric and will thus increase the share of MMF based garments year after year. It is currently 20 per cent of the total apparels produced in India.

PLI along with other schemes like RoSCTL, RoDTEP, Mega Integrated Textile Region and Apparel (MITRA) Parks and National Technical Textiles Mission can prove to be game changers as it will help enhance the scale and competitiveness of India's apparel manufacturing with global quality and efficiency. It will attract large scale investment with cutting-edge technology and make India an integral part of the global supply chain. Enable the setting up of a widespread supplier base for the global champions established under the scheme. It will help bring scale and size and create and nurture global champions.

India is almost absent in the main product category that accounts for 70% of world trade in apparels – synthetic apparels. Today, most formal, sports and fashion wear uses synthetic fabrics. They are durable, do not fade, can have any color. Easy blending with wool, cotton, or rubber allows experimentation. Synthetics have overtaken cottons and become favorites of the fashion industry. With weak synthetics, India's apparel industry is a horse running with one leg tied. The results are low exports, low wages, and low investments in the sector.

Globally cotton dominates spring and summer sales seasons. Synthetics and blends dominate autumn and winter seasons. Indian units run six months a year to produce cotton apparels. In the remaining six months, most units are shut or run at a low capacity as they do not have orders for synthetics/ winter wear. Absence of synthetics also affects workers' wages. Winter wears are more expensive than informal cotton wear. So, at 20% labor cost, a worker making a suit would earn more money than the worker making a blouse. Since India is mainly an informal cotton wear exporting country, wages remain at minimal levels. Entry into synthetics would make factories run full year and increase wages manifold.

Very few exporters in India have concentrated their efforts on product specialization. This lack of product specialization has limited the growth of Indian exports in the global market. Quality problems are another deterrent to expanding export shares in the global market. The majority of fabrics made in India are of low quality and limited varieties, which limits the product range and tends to lower the unit value realized in dollar terms. Further, India has historically concentrated on exporting apparel to the EU and U.S. markets; most Indian exporters are too small to deal with buyers from diverse, non-English speaking countries.

CHAPTER 5

Tax Structure in Textiles

5.1 Indirect Taxes

The Textile Sector has always been within the indirect tax net, even prior to the implementation of GST, with the indirect taxes on the domestic side consisting of both central and State level Taxes. The Central taxes included Central Excise Duties on manufactured goods (or Cen vat), and Service Tax on job work and State level taxes included Sales tax/State VAT, tax on interstate sales i.e. the Central Sales Tax(CST), Local body taxes like Octroi, etc. On import of textile goods, customs duties were imposed and to promote textile exports Duty drawback was provided.

On 9th July 2004, a watershed decision was taken, where under the Central Excise duties levied on the manufacture of all the downstream products in Textiles beyond the Fibre stage, were fully exempted, provided no CENVAT credit for duty paid on raw materials had been availed by the manufacturer of such items. Such exempted items, inter-alia included yarn, fabric, etc. The items which were taxed however consisted of Man Made Fiber and garments (Table 5.1 below refers)

Table 5.1 Tax Structure Prevailing in Textiles: Pre-GST (before 1.7.2017)

Description	C. Excise Rate	VAT/CST Rate	Exemption Notification/Date
Silk			
Raw Silk	NIL	NIL	Tariff Rate Nil
Silk Yarn	NIL	5%/2%	30/2004 C.E dated 09.07.2004
Silk Fabrics	NIL	NIL	30/2004 C.E dated 09.07.2004
Wool			
Raw Wool/Fibre	NIL	NIL	Tariff Rate Nil
Tops/Woollen Yarn	NIL	5%/2%	30/2004 C.E dated 09.07.2004
Woollen Fabrics	NIL	NIL	30/2004 C.E dated 09.07.2004
Cotton			
Cotton Fibre	NIL	5%/2%	Tariff Rate Nil
Cotton Yarn	6%	5%/2%	7/2012C.E. dated 17.03.2012
Cotton Fabrics	6%	NIL	7/2012C.E. dated 17.03.2012
Manmade Filaments			
POY/PSF	12.50%	5%/2%	No exemption
Textured Yarn Twisted Yarn	NIL	5%/2%	No exemption
Manmade Fabrics	NIL	NIL	30/2004 C.E. dated 09.07.2004
Fibre	12.50%	5%/2%	No exemption
Yarn	NIL	5%/2%	30/2004 C.E dated 09.07.2004
Fabrics	NIL	NIL	30/2004 C.E dated 09.07.2004
Non-Woven Fabrics	NIL	5%/2%	30/2004 C.E dated 09.07.2004
Laminated Fabrics	NIL	5%/2%	30/2004 C.E dated 09.07.2004
Knitted Fabrics	NIL	Nil	30/2004 C.E dated 09.07.2004
Knitted Garments			
100% Cotton	6% of 60%		
Garments	of RSP	5%/2%	7/2012C.E dated 17.03.2012
Other Than Cotton	12.5% of 60% of RSP	5%/2%	
Garments Other Than Knitted			
100% Cotton	6% of 60% of RSP	5%/2%	7/2012CE dated 17.03.2012
Other Than Cotton	12.5% of 60% of RSP	5%/2%	

Source: Data compiled from notifications issued by CBIC: https://www.cbic.gov.in/

The above regime continued with some amendments till the introduction of GST on 1st July, 2017, which subsumed 17 Central and State taxes (including Central Excise duties, Additional

duties of excise, Service tax, Central Surcharges, State VAT, CST, Entry tax etc.). The levy was introduced for almost everyone in this Sector except the ones covered under exemption by turnover value of Rs. 20 Lakhs per annum. There is now GST on the manufacture as well as trading of Textile goods. Due to dearth of integrated units within Textile Sector, it is characterized by large scale movements of goods for job work within the State as well as Inter-State and this attracts GST/IGST on services provided by the Job worker. Input tax credit is available at every stage till the sale of product to the final consumer. In fact, free flow of input tax credit after implementation of GST, has also allowed some of the taxes on raw material on which credit was not hitherto available. The new regime is therefore more cost effective making the textile segments more competitive.

Table 5.2 Post GST Tax Structure in Textiles (post 1.7.2017 and before 1.1.22)

GST	**Stages**			
Material/Fibre	Fibre/ Raw	Yarn	Fabric	Apparels/Garment
Cotton	5%	5%^^	5%	Sale Value>Rs.1000:12% Sale Value <1000: 5%
Synthetic/MMF	18%	12%*	5%	
Silk	0%	5%	5%	
Jute	0%	5%	5%	
Wool	0%	5%	5%	

Source: https://www.cbic.gov.in/

* GST rate on MMF yarn reduced from 18% to 12% in 22nd GST Council Meeting held on 6.10.17

^^ All Cotton Yarn except Khadi Yarn is chargeable at 5% GST.

The detailed GST rates HSN wise from Chapter 50 to 63 is given in the **Annexure III**

Table 5.3 GST chargeable on various textiles for Job work

GST on Job Work Charges	**Stages**			
	Fiber	**Yarn**	**Fabric**	**Garments**
GST	5%	5%	5%&&	5%&&

Source: https://www.cbic.gov.in/

&&18% is later reduced to 5%

5.2 The Key features of the GST regime for textiles (post 1.7.2017 and before 1.1.22):

- Cotton sector which was exempted from central taxes and leviable to VAT at the yarn and fabric stage only prior to 1.7.2017, has been brought under the GST net, albeit with a low rate of 5%. This will ensure availability of Input Tax Credit to all segments under cotton.
- The GST rate structure is fibre neutral at the fabric stage with 5% GST on both Cotton and Synthetic/Man-made fabric, thus eliminating the inefficiencies arising out of the varied duty structures on different fibres.
- Job work charges which were hitherto exempted from service tax provided the principal is paying Excise Duty upon clearance of goods are now leviable to GST. This will allow job-workers to avail ITC on inputs, consumables and input services.
- Wool, raw silk, silk waste, Khadi yarn, raw jute and processed jute except jute yarn have been exempted from GST

5.3 The textile industry however continued to represent that the rate structure had resulted in acute inversion in the MMF value chain particularly at the fabric stage and that this had resulted in huge accumulation of Input tax credit (ITC). Representations kept pouring in as MMF yarn continued to suffer significant inversion as value addition from fibre to yarn was not much. Hence, standalone spinning mills as against the composite spinning mills continued to suffer. Strong views were aired that the 5% rate on ready-made garments was anomalous. Further, the

inverted rate structure had a bearing on ready-made garment segment on account of accumulated ITC on services and capital goods as the cost associated with inversion on fabric becomes a cost that is passed on by fabric manufacturer to readymade garments.

Finally, a view was taken in the 45th GST Council meeting held on 17th September, 2021 to notify the new rates on textiles effective from 1st January 2022 to tackle inversion which is likely to boost the Textile Industry This correction in inverted duty structure was effected vide Notification 15/CT (rate) &15/IT (rate) dated 18.11.21 and the revised GST rates as given in Table 5.4 below will be implemented with effect from 01.01.2022

Table 5.4 Corrected GST Tax Structure announced on 18.11.21 for Textiles to be implemented w.e.f 01.01.2022

GST	Stages			
Material/Fibre	**Fibre/Raw**	**Yarn**	**Fabric**	**Apparels/Garment**
Cotton	5%	5%	12%	12%
Synthetic/MMF	12%	12%	12%	12%
Silk	0%	5%	12%	12%
Jute	0%	5%	12%	12%
Wool	0%	5%	12%	12%

The detailed GST rates, chapter wise, to be implemented w.e.f **01.01.2022** are given in **Annexure III.1**

The Government thus have vide its above notification provided a revised GST structure in Textiles from 1.1.22 which has done away with the Inverted duty structure in the Manmade segment by taxing the entire value chain in MMF at 12% and also introduced fibre neutrality at the fabric and garment stage for all types of fibre with fabric and garments being taxed at 12% tax irrespective of the type of fibres.

5.4 CGST, SGST and IGST

CGST, and SGST are categories of Goods and Service Tax. IGST applies to interstate transactions and GST (including CGST and SGST) to intrastate transactions. For intra Union Territory transactions, UTGST is levied instead of SGST. Separate Acts have been passed for each type of levy.

IGST is levied by the Center on all inter-state transactions of goods and services on destination-based principle. IGST basically mirrors GST and consists of CGST and SGST. The rate levied on a particular product or service under IGST is the same as that of GST. If the rate of IGST is 18%, then it is apportioned as 9% CGST and 9% as SGST. Since it is collected by the Center, necessary apportionment of SGST part in IGST is carried out by Center to the Destination State.

On the Customs side, in terms of IGST Act, 2017, Section 7, Inter-state supply includes goods and services imported into or exported out of India. In terms of proviso to Section 5, sub-section (1), IGST will be livable on import of goods as per Section 3 of Customs Tariff Act, 1975. The goods will be subjected to IGST as per relevant notifications in this regard. However, the import of services will be taxed under IGST Act. The importer has to deposit the IGST on services imported on reverse charge basis.

On the Export side of Textile Sector, Export Duty is hardly levied on any items of Textile. In the new regime of GST, under Section 16 of the IGST Act, exports have been defined as "Zero rated supply" inter-alia covering export of goods or services or both. Exports of Goods and

Services and their supplies to SEZ have also been treated as "Zero-rated supply" in terms of Section 16 of the IGST Act.

Further, on the Customs side, in the pre-GST period, there were a variety of duties levied on the import of textile goods like Basic Customs duty, Additional duty of Customs which was equivalent to Central Excise Duties levied on domestically manufactured goods (popularly known as CVD or Countervailing duty), Education Cesse (2% Education Cess plus 1% Higher Education Cess), Special Additional Duty (SAD), etc. However, post introduction of GST in July 2017, all these duties barring the BCD were replaced by IGST while the Cesses continued which were replaced by Social Welfare Surcharge on February 2, 2018.

The countervailing duty which was replaced by IGST on introduction of GST led to the demand from Textile Sector to increase the Basic Customs duty as it was argued that the total customs duty incidence has gone down thereby reducing the protection to domestic industry. Government of India in quick response to the requests from Textile Sector carried out some major changes in taxes in October 2017 onwards.

5.5 Exports and GST

Under the GST Law, export of goods or services has been treated as inter-State supply and covered under the IGST Act. Export of goods under GST are zero rated i.e., the goods or services exported shall be relieved of GST levied upon them either at the input stage or at the final product stage. This will make Indian exports competitive in the international market.

The salient features of the scheme of export under GST regime are as follows:

- The goods and services can be exported either on payment of IGST which can be claimed as refund after the goods have been exported, or under bond or Letter of Undertaking (LUT) without payment of IGST.
- In case of goods and services exported under bond or LUT, the exporter can claim refund of accumulated ITC on account of export.

5.6 Imports and GST

While GST subsumes Countervailing Duty (CVD) and Special Additional Duty (SAD), Basic Customs Duty is not subsumed under GST and will continue to be charged separately on imports. In addition to the Basic Customs duty, IGST will be charged on Imports of goods as per Sec7 (2) of the IGST act as import of goods is to be treated as inter State transfer. Now import duty is calculated on assessable value of imported goods by taking into account Basic Customs Duty and Social Welfare Surcharge. After adding these two to assessable value, the IGST is calculated. Hence the tax incidence on import of goods and services is the sum total of BCD, SWS and IGST.

CHAPTER 6

Changes in BCD and Anti - Dumping Duty

This Chapter attempts to summarize important changes made in Basic Customs Duty in the Textile Value chain over the period 2016-21 vide various notifications issued by CBIC during the year or during annual Budget as well as track the changes in Antidumping Duty.

After the introduction of GST in July 2017, there was a continuous demand from Textile Industry to increase the customs duty as it was argued that the level of protection has gone down due to removal Central Excise duty which used to be imposed on imported goods as countervailing duty along with Basic Customs duty. Therefore, extensive changes in the BCD were introduced in October 2017 with the Tariff rates increasing between to 20%-25% on 298 Tariff lines covering Chapters 54, 55 and 60 belonging to MMF on 27th October, 2017. Similarly, on silk fabrics, the BCD was raised from 10% to 20% in Union Budget w.e.f 2nd February, 2018. Again, in July 2018, BCD was raised from 10% to 20% on 504, 8-digit lines of Tariff belonging to carpets, knitted fabrics of Chapter 60 and Apparels of Chapters 61, 62 and 63. In the subsequent years many more changes were carried out in the BCD which were specific to certain sectors.

The Study uses the following classification at 4 dig HS Code for identifying the various components of the Value chain and for classifying the changes in BCD and tries to provide the underlying rationale for the same. Broadly, the duty changes can be analyzed in terms of fibers, yarn, fabrics, Apparel made ups and others.

Table 6.1: Category wise HSN Codes of the Textile Items

S.no.	Product Segment	Chapter – HS code (4 Digit)
1	Fibre	5001-03,5101-05,5201-03,5301-03,5305,5501-07
2	Yarn	5004-05, 5106-10,5204-07,5306-08,5401-06,5508-11,5604-06,5609
3	Fabric	5111-5113, 5208-5212, 5309-11, 5407-08,5512-16,5801-04,5806,5809, 5901-03, 6001-6006
4	Apparel	6101 to 6117 and 6201 to 6217
5	Made ups	6301-04
6	Others	5601-03,5607-08,5701-05,5805,5807-08,5810-11,5905-11,6305-10

Source: https://www.cbic.gov.in/

6.1 Recent Changes in Import duty on Fibre

The following table depicts the items of the textiles along with the changes in their BCD and notifications along with the Import values of the respective items.

Table 6.2 Recent Changes in Import duty on Fiber

HSN code	Description	Notification	Duty rate	Year	Import Value (USD)
5001	Silk-worm cocoons suitable for reeling.	-	No change in Rate	2016-17	0
				2017-18	0
				2018-19	0
				2019-20	0
				2020-21	0
5002	Raw Silk (not thrown)	Notification No. 15/2021-Customs, dated 1st February, 2021	From 10% to 15%	2016-17	162.88
				2017-18	188.99
				2018-19	148.38
				2019-20	162.38
				2020-21	77.25
5003	Silk waste (including cocoons unsuitable for reeling, yarn waste and garneted stock).	Notification No. 15/2021-Customs, dated 1st February, 2021	From 10% to 15%	2016-17	2.24
				2017-18	1.86
				2018-19	5.22
				2019-20	2.55
				2020-21	0.39
5101	Wool not carded or combed	Customs 25/2019-Cus. dated 6.7.2019	From 5% to 2.5%	2016-17	282.42
				2017-18	292.4
				2018-19	310.3
				2019-20	225.31
				2020-21	134.13
5102	Fine/coarse animal hair not carded/combed	-	No change in Rate	2016-17	4.98
				2017-18	4.46
				2018-19	6.36
				2019-20	5.06
				2020-21	2.99
5103	Waste of wool or of fine or coarse animal hair, including yarn waste but excluding garneted stock	-	No change in Rate	2016-17	0.58
				2017-18	0.79
				2018-19	5.23
				2019-20	1.56
				2020-21	0.02
5104	Garneted stock of wool/fine/coarse animal hair	-	No change in Rate	2016-17	0
				2017-18	0.01
				2018-19	0
				2019-20	0
				2020-21	0
5105	Wool Tops	Notif. No. 25/2019-Cus. dated 6.7.2019	From 5% to 2.5%	2016-17	35.38
				2017-18	26.12
				2018-19	29.23
				2019-20	17.81
				2020-21	7.24
5201	Cotton, not carded or combed	Notif. No. 2/2021-Cus. dated 1.2.2021	From Nil to 5%	2016-17	939.85
				2017-18	971.48
				2018-19	621.97
				2019-20	1300.99
				2020-21	362.46
5202	Cotton waste (incl. yarn waste and garneted stock)	Notif. No. 2/2021-Cus. dated 1.2.2021	From Nil to 10%	2016-17	939.85
				2017-18	971.48
				2018-19	621.97
				2019-20	1300.99

				2020-21	362.46
5203	Cotton, carded or combed	-	No change in Rate	2016-17	529.85
				2017-18	450.69
				2018-19	520.05
				2019-20	329.16
				2020-21	513.69
5305	Coconut, abaca, ramie and other vegetable textile fibres n.e.s. or included, raw or processed but not spun, tow, noils and waste of these fibres(incl. yarn waste and garneted stock)	-	No change in Rate	2016-17	4906.07
				2017-18	4272.47
				2018-19	3920.55
				2019-20	4302.14
				2020-21	4731.19
5501	Synthetic filament tow	Notif. No. 2/2021-Cus. dated 1.2.2021	5%*	2016-17	27.82
				2017-18	33.94
				2018-19	43.97
				2019-20	51.98
				2020-21	36.77
5502	Artificial filament tow	Notif. No. 2/2021-Cus. dated 1.2.2021	5%*	2016-17	43.58
				2017-18	36.39
				2018-19	38.09
				2019-20	39
				2020-21	36.2
5503	synthetic staple fibres, not carded, combed or otherwise processed for spinning	Notif. No. 2/2021-Cus. dated 1.2.2021	5%*	2016-17	163.84
				2017-18	176.65
				2018-19	216.95
				2019-20	232.37
				2020-21	157.96
5504	Artificial staple fibres, not carded, combed or otherwise processed for spinning.	Notif. No. 2/2021-Cus. dated 1.2.2021	5%*	2016-17	108.12
				2017-18	93.86
				2018-19	137.9
				2019-20	154.51
				2020-21	121.88
5505	Waste (including noils, yarn waste and garneted stock) of man-made fibres	Notif. No. 2/2021-Cus. dated 1.2.2021	5%*	2016-17	19.03
				2017-18	24.08
				2018-19	25.59
				2019-20	8.7
				2020-21	4.7
5506	Synthetic staple fibres, carded combed or otherwise processed for spinning	Notif. No. 2/2021-Cus. dated 1.2.2021	5%*	2016-17	2.8
				2017-18	3.65
				2018-19	4.36
				2019-20	4.3
				2020-21	3.04
5507	Artificial staple fibres, carded, combed or otherwise processed for spinning	Notif. No. 2/2021-Cus. dated 1.2.2021	5%*	2016-17	0.74
				2017-18	0.35
				2018-19	0.51
				2019-20	0.6
				2020-21	0.29

Source: https://www.cbic.gov.in/

*Under original notification No.50/2017-Cus. Dated 30.6.2017 which has been amended by notification No.2/2021-Cus. Dated 1.2.2021 except Nylon all items were chargeable to 5%. Nylon items falling under 5401,5402,5403,5405 or 5406 were chargeable to 7.5%. By amendment nylon items of these tariff headings have been brought down to 5%.

Silk Fibre

Vide Notification No. 15/2021-Cus. Dated 1.2.2021, Customs duty on HS 5002-5006: Raw Silk, Silk Waste, Silk yarn etc., was increased from 10% to 15%. This was done primarily to protect the indigenous silk producers of raw silk.

Wool Fibre

Budget 2019 announced a decrease in customs duty on Wool Fibre from 5% to 2.5%. This was given effect Vide Notification No. 25/2019 dated 6.7.2019, according to which the Customs duty on HS 5101: Wool not carded or combed was reduced to 2.5%. This was done to enhance the import of Wool fibre from countries such as Australia to give a fillip to the Wool Industry in the Country.

Cotton Fibre

The Budget 21-22 announced a 5% basic customs duty and introduced a new cess called Agriculture Infrastructure and Development Cess. A cess of 5% was imposed on raw cotton to benefit domestic cotton farmers.

The above announcement was given effect Vide Notification No. 2/2021-Cus.dated 1.2.2021, enhancing Customs duty from Nil to 5% on Cotton, not carded or combed, falling under Tariff item 5201.

The rationale behind this move was that there was excess availability of local cotton, which the textile and apparel industry should ideally tap into and support farmers hit by a surge in imports. Cotton imports have surged significantly in last few years even though India is the largest producer of cotton in the world.

However, garment exporters (SIMA) have argued that this made the production of high quality garment exports uncompetitive in the international markets. High quality cotton is not grown in the country and has to be imported from Australia and US. The additional import duty on cotton has made the same expensive in the country.

The argument of exporters is not tenable so far as exports are concerned because when they export, customs duty is refunded by way of drawback.

Jute Fibre:

The customs duty on Jute fibre is nil but for raw Jute (530310) is 5%.

Man Made Fibre:

The Customs duties in respect of Man-made fibre are given below:

Table 6.3 Item-Wise Custom Notification Changes

Tariff Item	Description	Customs Notification No.50/2017	Amending Notification No. 2/21
5501	Synthetic Filament Tow	5%	-
5502	Artificial Filament Tow	5%	-
5501 to 5510	All goods of Nylon	7.5%	5%
55031100	Aramid Flame Retardant Fibre	2.5%	-
55031100	Para Aramid Fibre	2.5%	-
55031900	Nylon Staple Fibre	2.5%	-

55031900	Nylon Anti-Static Staple fibre	2.5%	-
55033000	Mod acrylic Fibre	2.5%	-
55041000	Flame Retardant Viscose Rayon Fibre	2.5%	-
5505-5507	Waste of Man-made Fibres, Synthetic Staple Fibres, Artificial Staple fibres	5%	-

Source: https://www.cbic.gov.in/

It can be seen from the above Table that the duty on all goods of Nylon (from 5501 to 5510) has been reduced from 7.5% to 5% to provide level play field to MMF. However, in case of essentially specialty fibres used in the manufacture of technical textiles that are not widely produced in India, the rate of duty remains 2.5%, to give a fillip to the technical textile Industry

6.2 Import Duty on Fabrics

Table 6.4 Item Wise analysis of Custom Duty Changes on Fabrics

HS Code	Description	Customs Duty	Remarks
5111-5113	Woven fabric of carded or combed wool or animal hair	10% or Rs 60 per sq metre whichever is higher	Most Duties enhanced on fabrics vide 82/2017
5208-5212	Woven fabric of cotton, other fabric of cotton	10% or per sq metre rate whichever is higher	
5309-11	Woven fabric of flax, jute or other vegetable fibre	10%*	531010: 20%
5407-08	Woven fabric of Synthetic/Artificial Filament	10%/20% or per sq metre rate whichever is higher	
5512-16	Woven fabric of Synthetic staple/Artificial staple fibre or other fabric	20% mostly	Wiith some exceptions with 10%
5801-04,06,09	Pile fabric, Chenile fabric, terry towel, Gauze, Lace, Narrow fabric, furnishing fabric	10%/20% or per sq metre rate whichever is higher	
5901-03	Coated fabric, industrial fabric, tyre cord etc	10%/20%	Notif. No. 53/2018-Cus dated 16.7.2018
6001-6006	Knitted or crocheted fabrics	10%/20%	Notif. No. 53/2018-Cus dated 16.7.2018

Source: https://www.cbic.gov.in/

As stated above, immediately after GST was implemented, at least a section of the Indian textile industry was unhappy because imports had become cheaper due the revised tax structure. Imports of almost all types of fabrics had increased and cheap imports had begun bogging down the domestic enterprises. It appeared that imported synthetic fabric had become cheaper by 15% to 18% than domestically manufactured products. Fears were also expressed that this could wipe out the domestic weaving and knitting industry.

Accordingly, Customs duty on various imported textile fabrics were inter-alia increased with by Department of Revenue, Ministry of Finance through notifications (Nos. 80, 81 and 82/2017–Customs) dated October 27, 2017 as well as Notifications 53/2018-Cus. This development was

expected to protect domestic Indian textile fabric manufacturers who were facing stiff competition from cheap imports of fabric after the implementation of GST system.

As per the notifications, customs duty on almost all Chapters (50 to 63) belonging to textile and clothing products have been revised. Silk, wool, Cotton, polyester and other manmade fibre made woven fabrics, wadding, felt and nonwovens, special yarns, twine, cordage, carpets, textile floor coverings, special woven fabrics, tufted textile fabrics etc. have now be subjected to higher import duty ranging from 10% or above.

(Import duty varies based on products) with immediate effect.

Table 6.5: Import duty on Ready Made Garments & Made ups (Notification No. 53/2018-Cus dated 16.7.2018)

HS Code	Description	Customs Duty
6101-6117	Articles of Apparel or clothing knitted or crocheted	10% - 20% or per piece rate whichever is higher with a few exceptions
6201-6217	Articles of Apparel or clothing not knitted or crocheted	do
6301-04	Blankets, Bed Linen, Curtains other furnishings	10%/20% or per piece rate whichever is higher

Source: https://www.cbic.gov.in/

Import duty on items like coats, pants, jackets, and women's wear, etc. has been increased to 20 per cent from the earlier 10 per cent. The increased duties came into effect from July 16, 2018. India had last increased import duties on textiles in October 2017, which was for a broader set of products.

The duty has been doubled to 20 per cent on several knitted garments items. This action is expected to help in protecting the domestic knitwear garment industry and also employment as leading retail stores in the country had started importing garments from Bangladesh and other countries, as it is cheaper compared to garments produced locally.

The list of items (142) in which notifications were issued for the change in BCD is given in **Annexure IV**

6.3 Antidumping Duties (ADD)

As far as antidumping duties are concerned the list of textile products and countries on which antidumping duties were imposed during the period 2015-19 are given in Annexure I

India has been imposing these measures on various textile related items such as Mulberry raw silk, flax or linen fabric, flax yarn, jute products, Elastomeric filament yarn, Polyester yarn, Nylon filament yarn, fishing net, viscose staple fiber, Velcro etc. The main countries of origin being People's Republic of China, Hong Kong, Bangladesh, South Korea, Vietnam, European Union and Indonesia.

Antidumping duties are imposed by Governments when ~~it~~ they believe that goods are being dumped at low prices in the domestic market by the foreign country. It is basically done to protect local producers of the commodity from unfair competition. While the intention of antidumping duty is to protect domestic employment, it could sometimes have the effect of raising prices for the domestic users. To boost exports in MMF sector, Government removed

anti-dumping duty on PTA in 2020 a key raw material for the manufacture of MMF fiber and yarn.

In order to create world-class products that are globally competitive recently in 2021, the Government of India removed the anti-dumping duty (ADD) on Viscose Staple Fiber (VSF). The ADD on VSF (up to $0.512 per kg) was enforced by the Finance Ministry in August 2016, for a period of five years and was a whopping $162 per MT before.

The ADD on Man-Made Fibers/Filaments (MMF) has been an Achilles' heel to the Indian textile industry for long. It included levies on Purified Terephthalic Acid (PTA), Acrylic fiber (AF) and VSF. Early last year, the Government offered some respite to Indian garment manufacturers by abolishing the ADD levied on imports of PTA – a crucial raw material that goes into polyester fabrics. The ADD on AF imported from Thailand was also removed subsequently, followed by a recommendation for zero duty on Dralon from the European Union. The move to scrap the ADD on VSF will help boost the MMF segment in the country as well as push exports of apparel. "The removal of protectionist tariffs on VSF will align domestic VSF prices with global prices, making the entire Indian VSF textile value chain globally competitive.

CHAPTER 7

Export Incentives & Textiles

Traditionally, several type of Export incentives have been provided to exporters. These export incentives have been listed out in India's Foreign Trade Policy (FTP) 2015-20 drawn out by the Directorate General of Foreign Trade (DGFT) under the Ministry of Commerce and Industry.

The Export Incentives range from Merchandise Exports from India Scheme (MEIS), Service Exports from India Scheme (SEIS) to Duty Exemption / Remission Schemes like Advance Authorisation Scheme, etc. Then there are Duty Refunds/Replenishment Schemes like Duty Drawback Scheme, RoSCTL, RoDTEP etc.

Vide a recent announcement, the FTP which came into force on April 1 2015 and was valid for 5 years has been extended till March 31 2022 due to the disruptions caused by Covid-19. Also, several of the export incentive schemes announced in FTP 2015-20 like MEIS and SEIS are to be replaced by Schemes like RoSCTL and RoDTEP to make them WTO compliant

In this chapter, we will, therefore, focus on the Duty Refunds/ replenishment Schemes like Duty Drawback Scheme, RoSCTL, RODTEP in so far as they will remain significant incentives for Textile Exporters in the new WTO compliant dispensation.

7.1 Duty Refunds/ Replenishment Schemes:

It is a globally accepted principle that taxes and duties should not be exported, to enable a level playing field in the international market for the exporters. Accordingly, several Duty refund/replenishment Schemes have been provided by the Government for promoting exports as given below:

i. **Duty Drawback (DBK) Scheme** which is administered by Department of Revenue;
ii. Scheme for **Rebate of State Levies (RoSL),** as notified in par 6.3 of Ministry of Textiles Notification No. 14/26/2016-IT (Vol-II) dated 07.03.2019 and amended vide Notification No. 12015/11/2020-TTP dated 09.06.2020 to be implemented by the DGFT in scrip mode;
iii. **Scheme for Rebate on State and Central Taxes and Levies (RoSCTL**), as notified by the Ministry of Textiles on 07.03.2019, and implemented by the DGFT.
iv. **RoDTEP** is a scheme for refund of embedded taxes provided for products other than Garments and Made-ups

7.2 Duty Drawback Scheme

The Duty Drawback seeks to rebate duty or tax chargeable on any imported / excisable materials and input services used in the manufacture of export goods. The duties and tax neutralized under the scheme are (i) Customs and Union Excise Duties in respect of inputs and (ii) Service Tax in respect of input services.

The Duty Drawback is of two types: (i) All Industry Rate and (ii) Brand Rate.

The All-Industry Rate (AIR) is essentially an average rate based on the average quantity and value of inputs and duties (both Excise & Customs) borne by them and Service Tax suffered by a particular export product. The All-Industry Rates are notified by the Government in the form of a Drawback Schedule every year.

The Brand Rate of Duty Drawback is allowed in cases where the export product does not have any AIR of Duty Drawback or the same neutralizes less than 4/5th of the duties paid on

materials used in the manufacture of export goods. This work is handled by the jurisdictional Commissioners of Customs & Central Excise. Exporters who wish to avail of the Brand Rate of Duty Drawback need to apply for fixation of the rate for their export goods to the jurisdictional Central Excise Commissionerate. The Brand Rate of Duty Drawback is granted in terms of Rules 6 and 7 of the Drawback Rules, 1995.

The All India Duty Drawback Rates for Textiles is provided in the Table at **Annexure II** As can be seen from the Annexure, the duty drawback rates have been revised after the implementation of the GST. Now Duty Drawback is applicable only for the refund of basic Customs duty. After the introduction of GST all other indirect taxes are subsumed in GST and because of that Duty draw back rate in 2017 and after have broadly decreased.

7.3 Rebate on State Levies (ROSL Scheme)

Realizing the importance of refund of embedded taxes, cesses and duties, the Ministry of Textiles first launched a scheme by the name of **Rebate of State Levies (ROSL) in 2016**. In this scheme the exporters of apparel, garment and made-ups were refunded embedded taxes and levies through the budget of the Ministry of Textiles. **The Scheme was for the refund of State level Taxes only** comprising of State VAT/CST on inputs including packaging, fuel, duty on electricity generation and duties and charges on purchase of grid power as accumulated through the stages of production.

Post GST, ROSL rates were conveyed vide Gazette Notification No. 14/26/2016-IT dated 24th November 2017 under the scheme for Remission of State Levies (RoSL) on exports of readymade garments & made-ups. For garments, the rates ranged between 1.25% and 1.70% and for Made-ups, they range between 1.40% and 2.20%. These rates came into effect from 01.10.2017 and were higher than the pre-GST ROSL rates announced in 2016.

7.4 Rebate of State and Central Taxes and Levies (RoSCTL)

As ROSL did not provide for the refund of Central taxes, in response to the request of textile exporters, GOI decided to rebate all embedded State and Central Taxes and Levies on garments and made-ups to enhance competitiveness of these sectors.

The Ministry of Textiles accordingly notified the scheme for Rebate of State and Central Taxes and Levies (RoSCTL) on export of garments and made-ups vide Notification No. 14/26/2016-IT (Vol-II) dated 08.03.2019 and amended vide Notification No. 12015/11/2020-TTP dated 09.06.2020 to be implemented by the DGFT in scrip mode. Under this scheme, the exporters are issued a Duty Credit Scrip for the value of embedded taxes and levies contained in the exported product. Exporters could use this scrip to pay basic Customs duty for the import of equipment, machinery or any other input. Keeping in view the pandemic and the need to provide a stable policy regime for the exporters. The Cabinet decided on July 14, 2021 to continue the scheme of RoSCTL up to 31st March, 2024 independently as a separate scheme.

The incentive structure of Indian exports needed to be revised in the light of WTO ruling that Export incentives under MEIS had elements of subsidy that were not WTO compatible. Accordingly, in lieu of the MEIS as well as to rebate the Central and State level embedded taxes, the new scheme by the name Rebate of State an Central Taxes and Levies (RoSCTL) was announced.

7.5 Remission of Duties and Taxes on Exported Products (RoDTEP)

RoDTEP is a scheme for refund of embedded taxes provided for products other than Garments and Made-ups. The rates for RoDTEP were announced by the commerce ministry on 17.8.21 for 8555 export items for a cost of ₹12500 crore to the exchequer.

RoDTEP has replaced the ongoing Merchandise Exports from India Scheme (MEIS), which was not WTO compliant and came into effect on 1 January 21, even though the rates have been finalized later. The RoDTEP rates vary from 0.5-4.3% of export value and include sectors like marine, agriculture, leather, gems and jewelry, automobile, plastics, electrical, electronics and machinery etc. However, exporters in sectors like steel, pharmaceutical, chemicals have been kept out of the scheme. Products manufactured or exported at export-oriented units and special economic zones have been excluded from the scheme for the time being.

While most animal products including milk and freshwater fish will get RoDTEP rate of 0.5%, agriculture items such as tomatoes and onions will get benefits at 4% rate. Textile items such as saree and shirting fabrics will get the highest benefit at 4.3% of export value.

7.6 Revenue Impact of Export Incentives and conditional BCD exemptions

One of the TORs in the report requires us to undertake a review of the revenue forgone on account of Export Incentives and through the reduction of customs Duties provided to Textiles.

AJNIFM had written to the TRU in the Ministry of Finance to get an estimate of revenue forgone on account of Export Incentives and through the reduction of customs Duties in respect of Textiles, however the same has not been forthcoming. Accordingly, we have used the information available in the budgets to arrive at tentative estimates of the same.

Various Receipt Budgets of the GOI, from the year 2006-07 have been bringing out the revenue impact of various types of incentives provided by the Government however the methodology used has been changing over time. Comparable estimates are available for the period 2017-18 to 20-21 and have been categorized under the following headings for the period under study in the Table below:

Table 7.1 Revenue Impact under Custom Duty (Rs. crore)

		Receipt Budget 2019-20	Receipt Budget 20-21	Receipt Budget 21-22	
	Year	**2017-18(A)**	**2018-19(A)**	**2019-20(A)**	**2020-21(E)**
A	On Account of BCD collection at different rates less than Tariff rate as per EDI data	195770	210719	228293	199319
B	On account of unconditional/technical BCD exemptions as per EDI data	145428	129622	129405	111575
C	On account of FTA/PTA/CECA/CEPA as per EDI data	21780	48793	67559	61938
D	On account of conditional BCD exemptions-EDI locations	28562	32304	31329	25806
E	**Revenue foregone of Conditional BCD exemptions– EDI +non-EDI locations(Dx100/f*)**	**30811**	**34735**	**32978**	**26604**
F	% Share of Textiles in Import	**1.5**	**1.4**	**1.7**	**1.5**
G	**Revenue foregone on account of Conditional BCD exemptions to Textiles**	**462.165**	**486.29**	**560.626**	**399.06**
H	Revenue impact on account of input tax neutralization scheme	18584	24702	22982	22944
I	**Revenue impact on account of export linked incentive schemes**	**22893**	**41018**	**46136**	**39813**
J	**Net Duty Foregone of Conditional BCD exemptions & export linked incentive to all sectors(E+I)**	**53704**	**75753**	**79114**	**66417**
K	% Share of Textiles in Export	12.1	11.4	10.9	10.6
L	**Revenue impact on account of export linked incentive schemes in Textiles**	2770.053	2816.028	5028.824	4220.178
M	**Net Duty Foregone on account of Conditional BCD & Incentives provided to Textiles taking the share of Textiles in Imports & Exports in each year=(G+L)**	3232.218	3302.318	5589.45	4619.238
	f* is extrapolation factor to include imports not captured in ICES respectively in each year	**92.7**	**93**	**95**	**97**

Source: Receipt Budget 2018-19 to Receipt Budget 20-21, Union Budget, Ministry of Finance

Each of the category given in the above table is explained below:

Unconditional exemptions prescribe general effective rates of duty for a commodity. This rate applies to all imports of that commodity, without any conditions. In other words, such unconditional exemptions in effect prescribe MFN rate for a commodity.

Conditional BCD exemptions, prescribe effective rates under certain specific circumstances, as against the higher tariff rate or the MFN rate and are provided for specified purposes, for example, to promote domestic manufacturing, defense procurements, textiles etc. In such cases, only those imports, which fulfil conditions prescribed for such rates, are eligible for

such effective rates. As such, these exemptions result in revenue foregone vis-à-vis the relevant tariff/ MFN rate.

Certain exemptions have been provided for procurements of raw materials and inputs that go into the export goods. As **input tax neutralization** only provides for tax neutralization to exports for zero rating of exports, they do not result in revenue foregone. However, concessions granted by way of **export linked incentive schemes**, in which incentives at the prescribes rate (% of export value) is provided to exporters by way of duty scrips, results in revenue foregone as the duty credit available by way of these scrips is set off against the BCD payable on imports.

India has entered into Free Trade Agreements, Comprehensive Economic Partnership Agreements, and Comprehensive Economic Co-operation Agreements with a number of countries or group of countries. Similarly, India is also a signatory to the Information Technology Agreement I. **Under this agreement, India has bound itself for lower rate/exemption on the specified goods as covered under such agreement**. These preferential tariffs are also prescribed through notifications issued under section 25 of the Customs Tariff Act, 1962. Such preferential tariffs extended as part of **sovereign commitments**, are also general applicable rate for imports covered by such agreements.

Therefore, as explained above, exemptions extended towards sovereign commitments in effect prescribe MFN rates (effective rate) for the commodity concerned, a more appropriate estimation of the revenue impact of tax concessions would be the revenue foregone on account of conditional exemptions only. Further, revenue forgone on account of export linked incentives are also included in the final estimation of Revenue Foregone on account of Basic Customs Duty concessions.

Various exemption notifications are based on the data generated from the Bills of Entry filed by the importers in the Indian Customs Electronic Data Interchange System (ICES) at various Electronic Data Interchange (EDI) locations. Extrapolation has been made to arrive at revenue foregone on account of non-EDI imports, which constitute about 7% of total imports.

The net revenue loss to the Government for all sectors as given in different receipt budgets in different years is given at row(J) above and consists of Revenue foregone because of conditional BCD exemptions given at (E) above and Revenue impact of export linked incentives at (I) above.

As detailed break up revenue loss to the Government on account of BCD concessions and export linked incentives was not available sector wise, the Net duty foregone on account of BCD concessions provided to Textiles was estimated using the share of Textiles in total imports (see row G in Table 7.1 above) and the share of Textiles in total exports was used to determine the revenue impact of export linked incentives to Textiles (see row L in Table 7.1 above). **Thus, it can be seen that revenue foregone on account of BCD exemptions and export linked incentives for Textiles (as given in row M in Table 7.1 above) varied in the range of Rs 3232 crores to Rs 5589 crores in the above years.**

CHAPTER 8

Employment, Production and Investment, Export & Import in the Textile Sector

Employment

Textile sector in India has always been identified next only to agriculture sector for generating large scale employment in India. As per M/O Textiles, Textiles sector employed 45 million people directly and 60 million people indirectly in March 2011 and a projected total employment of 121 million in Textiles in 2017 as may be seen from the Table 8.1 below:

Table 8.1: Industry-wise Employment in Textile and Allied Sectors in India (2001, 2006 and 2011)

(In Mn. Nos.)

Sector/Industry	Employment				
	As on March 2001	As on March 2006 (P)	As on March 2011 (P)	% share of Total	Projected for the Terminal Year of the Twelfth Plan (2017)
I. Textile Sector					
Cotton/Man-made Fibre/Yarn Textile/Mill Sector (including SSI spinning & exclusive weaving units)	1.07	0.94	1.4	1.33%	1.61
Man-made Fibre/Filament Yarn Industry (including texturizing industry)	0.11	0.16	0.24	0.23%	0.28
Decentralised Power-loom Sector	4.15	4.86	5.08	4.82%	5.84
Handloom Sector	12	6.5	7	6.64%	8.05
Knitting Sector	0.3	0.43	0.45	0.43%	0.52
Processing Sector	0.24	0.29	0.44	0.42%	0.51
Woollen Sector	1.2	1.5	3.2	3.04%	3.68
Ready Made Garment Sector (including Knitwear Sector)	3.54	5.57	11.22	10.65%	12.9
Sericulture	5.57	5.95	7.7	7.31%	8.86
Handicraft Sector	5.84	6.57	8	7.59%	9.2
Jute Industry					
(i) Organised Jute Industry	0.2	0.26	0.26	0.25%	0.3
(ii) Decentralised Jute Industry	0.2	0.14	0.2	0.19%	0.23
Total	**34.42**	**33.17**	**45.19**	**42.87%**	**51.97**
II. Allied Sector					
Cotton					
(i) Cotton Agriculture	16.6	18.6	20	18.98%	23
(ii) Cotton Ginning/Pressing	0.7	1	1.3	1.23%	1.5
(iii) Cotton Trade	17	18	19	18.03%	21.85
Sub-Total	34.3	37.6	40.3	38.24%	46.35
Sheep rearing	1.2	1.2	2.8	2.66%	3.22
Jute Agriculture	12	16	17	16.13%	19.55
Textile machinery industry & accessories	0.03	0.05	0.1	0.09%	0.12
Total	**47.53**	**54.85**	**60.2**	**57.12%**	**69.23**
Grand Total	**81.95**	**88.02**	**105.4**	**100.00%**	**121.2**

Source: M/O Textile, TXC office. P: Provisional

The above data sourced from Textile Commissioner's office suggests that as far as Textiles is concerned, the largest employment in 2011 was provided by the Readymade garments segment at about 11% with sericulture, handicrafts and handlooms also providing substantial employment @ 7.7%, 8% and 7% resp. In the allied sector, about 38% of the total employment is provided by cotton production and related activities with jute production accounting for another 16%.

Employment in the Organized Sector:

The Annual Survey of Industries (ASI), which reports employment in the formal sector, is given at Table 8.2 and Table 8.3 below. It will be noted that employment in Textiles and apparel as a percentage of total manufacturing varied in the range of 18% in the last 8 years. Unfortunately, employment data beyond 2017-18 is not available for the organize sector.

Table: 8.2: Total Employment in Textile Sector (Organized)

Financial Year	Number of persons employed in		% of employment in Textile Sector to total employment in manufacturing Sector	Annual rate of growth of employment in T&A as per ASI data
	Total Manufacturing sector	Textiles and Wearing Apparel Sector		
2011-12	13429956	2380798	17.72	
2012-13	12950025	2331619	18.00	-2.1
2013-14	13538114	2474903	18.28	6.1
2014-15	13881386	2526610	18.20	2.1
2015-16	14299710	2648238	18.51	4.8
2016-17	14911189	2697123	18.08	1.8
2017-18	15614619	2868191	18.37	6.3

Source: Annual Survey of Industries up to 2017-18.

Table: 8.3: Segment wise employment in organized Textile sector

Financial Year	Textiles	Wearing Apparel	Cotton Ginning, Cleaning, Bailing and Seed Processing	Total for Textile Sector
2013-14	1496194	978709	97567	2572470
2014-15	1537959	988651	79471	2606081
2015-16	1565090	1083148	70437	2718675
2016-17	1560102	1137021	75268	2772391
2017-18	1678671	1189520	79471	2947662
CAGR	10.28	9.82	12.83	8.42
Source: Annual Survey of Industries up to 2017-18.				

As can be seen from the table 8.3 Growth across all the three segments i.e., Textiles, Wearing Apparel and Cotton processing, are quite comparable. The range of growth is from 9.82% in Wearing Apparel to 12.83% in cotton processing. In absolute number, Textiles is the highest contributor. In percentage terms, it is cotton processing which has shown highest increase. The average growth rate has been 8.42% for the entire Textile sector.

Employment Intensity & textile Sector

As per ASI data too, the wearing apparel Industry generates the highest employment per Rs crore of Investment after the manufacture of tobacco products as may be seen from Table 8.4 below. Other segments of Textile Industry like spinning, weaving and finishing of Textiles are not as labour intensive as the wearing apparel segment. The availability of abundant manpower coupled with relatively lower costs of manufacturing because of the easy availability of fiber puts the Indian Textile Industry in a uniquely advantageous position for achieving a bigger share in production in the global market

Table 8.4: Employment per Rs. crore of Investment in select sectors

		Invested Capital	Total Persons Engaged	Invested capital in Rs crore	Employment per Rupee crore of Investment
	All Sectors	44,60,94,480	1,56,14,619	4460944.8	3.5
089	Mining and quarrying n.e.c.	86,469	10,766	864.69	12.5
120	Manufacture of tobacco products	13,46,611	4,61,335	13466.11	**34.3**
131	Spinning weaving and finishing of Textiles	1,96,26,087	13,32,175	196260.87	6.8
139	Other Textiles	39,80,471	3,46,496	39804.71	8.7
141	Wearing Apparel Except fur	36,40,380	8,13,264	36403.8	**22.3**
142	Articles of Fur	3,130	772	31.3	**24.7**
143	Knitted and Crocheted Apparel	19,54,680	3,75,484	19546.8	**19.2**
152	Manufacture of footwear	14,59,785	2,69,861	14597.85	18.5
221	Manufacture of rubber products	52,79,483	2,25,531	52794.83	4.3
222	Manufacture of plastic products	82,49,311	4,87,683	82493.11	5.9
241	Iron & Steel	6,53,23,332	6,71,956	653233.32	1.0
261	Electronic Components	9,72,769	73,809	9727.69	7.6
323	Manufacture of sports goods	88,407	13,800	884.07	15.6
324	Manufacture of games and toys	41,291	6,737	412.91	16.3

Source: ASI 17-18

On an average 22 jobs can be created in the Wearing apparel sector by investing Rs. 1 Crore. Similarly, 19 jobs can be created in the Knitted apparel sector by investing Rs. 1 Crore. Based on the employment to be created in a particular segment, appropriate investment can be made to create desired number of jobs since per unit cost of creating a job is amongst the lowest in this industry.

But the lack of formal training of manpower is a big requirement for quality improvement in the Wearing &Apparel segment and is a focus area for improvement in the Textile industry. The manpower should be converted into trained and certified workforce in order to improve the man-hour output and machine-hour output. This will in turn improve the capacity utilization in the sector and will aid improvement in quality and quantity of production.

Employment in Textile sector as per Periodic Labour Force Survey (PLFS)
From 2017-18, Ministry of Statistic and program implementation has been publishing data to estimate employment and unemployment in both rural and urban areas annually. On the basis of the data collected in PLFS, three Annual Reports of PLFS corresponding to the periods July 2017 - June 2018, July 2018 - June 2019 and July 2019 - June 2020 covering both rural and urban areas giving estimates of all important parameters of employment and unemployment in have been released. The table No. 8.5 gives below details of employment in textile sector from 2017-18 to 2019-20.

Table 8.5: Total Employment Data in Textile sector (Periodic Labour Force Survey) (PLFS)							
Particulars	**2017-18**		**2018-19**		**2019-20**		**CAGR**
	Persons Employed	**% of Total Employment**	**Persons Employed**	**% of Total Employment**	**Persons Employed**	**% of Total Employment**	
Primary	11285919	37.11	10715702	35.78	14318339	40.96	8.26
Manufacturing	12931719	42.52	12846629	42.90	13349550	38.19	1.07
Service	51425	0.17	57566	0.19	86664	0.25	19.00
Handicrafts	1800430	5.92	2073951	6.93	2292562	6.56	8.39
TOTAL	**26069493**	**-**	**25693848**	**-**	**30047115**	**-**	**-**
Trade	4344530	14.28	4251461	14.20	4909740	14.05	4.16
Grand Total	**30414023**	**100.00**	**29945309**	**100.00**	**34956855**	**100.00**	**4.75**
(Source: Ministry of Statistics and Programme Implementation)							

Employment in Textile Sector

As per the Annual Report of Ministry of Textiles (2019-20), direct employment in this sector is 45 million and indirect employment is 60 million. The data generated from PLFS survey, however, captures only 77% of the direct employment and 33% of total employment figure. The data received from PLFS survey also includes handicrafts. The PLFS data although captures both Organized and Unorganized Sector and is quite comprehensive, however, it requires a detailed analysis to discern the emerging changes in the employment structure in the Textile Sector.

The PLFS Categorizes workers in four broad segments of primary, manufacturing, services and trade. The growth of employment in Primary sector is 26%, but it includes animal raising and crops. The growth in the manufacturing sector has been lower at 1.07%. The service sector has shown a growth of 19% though in absolute number and it is nominal. Textile trade has employed 14% with a growth of 4.16%. Handicraft sector has employed 6.56% with growth rate of 8.39%. Total growth in Textile employment during the period is 4.75%

Table 8.6: Estimates of Workers in Textile Sector Periodic Labour Force Survey (PLFS)												
Primary Sector												
Description	**2017-18**	**% Share**	**2018-19**	**% Change**	**% Share**	**2019-20**	**% Change**	**% Share**	**Description**	**2017-18**	**2018-19**	**2019-20**
Growing of fibre crops	11118834	98.52	10587520	-4.8	98.80	14169889	33.8	98.96	Growing of cotton	10978201	10543823	14086071
									Growing of jute	127185	14799	59562
									Growing of other fibre crops	13448	28898	24256
Post-harvest crop activities	81188	0.7194	27101	-66.6	0.25	62745	131.5	0.44	Cotton ginning, cleaning and bailing	81188	27101	62745
Raising of other animals	85897	0.7611	101081	17.7	0.94	85705	-15.2	0.60	Raising of silk worms, production of silk worm cocoons	85897	101081	85705
Total	**11285919**	**100%**	**10715702**	**-5.1**	**100%**	**14318339**	**33.6**	**100%**				
(Source: Ministry of Statistics and Programme Implementation)												

Growth of employment in fiber crops is the highest among the three categories i.e., at 99% of the total employment in this sector. Employment in post-harvest activities and raising of animals is only 1%.

Table 8.7: Estimates of Workers in Textile Sector (Periodic Labour Force Survey) (PLFS)								
Manufacturing Sector								
Description	**2017-18**	**% Share**	**2018-19**	**% Share**	**% Change**	**2019-20**	**% Share**	**% Change**
Preparation and spinning of textile fibres	830757	5.71	678014	4.72	-18.39	680826	4.63	0.41
Weaving of textiles	1812264	12.46	1154451	8.04	-36.30	1215485	8.26	5.29
Finishing of textiles	1017032	6.99	1111064	7.73	9.25	1086966	7.39	-2.17
Manufacture of knitted and crocheted fabrics	68942	0.47	68289	0.48	-0.95	45570	0.31	-33.27
Manufacture of made-up textile articles, except apparel	314837	2.16	173990	1.21	-44.74	216993	1.47	24.72
Manufacture of carpets and rugs	541421	3.72	220186	1.53	-59.33	266143	1.81	20.87
Manufacture of cordage, rope, twine and netting	482894	3.32	258852	1.80	-46.40	396827	2.70	53.30
Manufacture of other textiles n.e.c.	1493479	10.27	1651301	11.50	10.57	1730747	11.76	4.81
Manufacture of wearing apparel, except fur apparel	7616226	52.36	8460599	58.90	11.09	8690044	59.06	2.71
Manufacture of articles of fur	81382	0.56	127561	0.89	56.74	93026	0.63	-27.07
Manufacture of knitted and crocheted apparel	127915	0.88	139822	0.97	9.31	82156	0.56	-41.24
Printing	37997	0.26	79157	0.55	108.32	41738	0.28	-47.27
Manufacture of other chemical products n.e.c	15487	0.11	29917	0.21	93.17	30150	0.20	0.78
Manufacture of man-made fibres	9829	0.07	9864	0.07	0.36	20891	0.14	111.79
Manufacture of machinery for textile, apparel and leather production	81574	0.56	183116	1.27	124.48	72133	0.49	-60.61
Repair of machinery	14964	0.10	18536	0.13	23.87	44178	0.30	138.34
Total	**14547000**	**100%**	**14364719**	**100%**	**-1.25**	**14713873**	**100%**	**2.43**
(Source: Ministry of Statistics and Programme Implementation)								

The overall growth of employment in manufacturing sector has been very minimal at 2.43%. MMF being the sector with maximum demand has shown substantial growth of approximately **112%.** Fur, Knitting and printing have shown very **high degrowth** i.e., ranging from 27 to 47%. Repair of machinery have shown a **138%** growth although in absolute number it is very less. Garment sector has the maximum employment **(59%)**.

Table 8.8: Estimates of Workers in Textile Sector (Periodic Labour Force Survey) (PLFS)					
Trade Sector					
Description	**2017-18**	**2018-19**	**% Change**	**2019-20**	**% Change**
Wholesale of textiles, clothing and footwear	458841	374401	-18.40	283264	-24.34
Wholesale of other machinery and equipment	2276	5117	124.82	0	-100.00
Wholesale of waste and scrap and other products n.e.c	56707	20191	-64.39	3960	-80.39
Retail sale of textiles in specialized stores	821768	768851	-6.44	1006977	30.97
Retail sale of carpets, rugs, wall and floor coverings in specialized stores	63906	52316	-18.14	50559	-3.36
Retail sale of clothing, footwear and leather articles in specialized stores	3099291	3271772	5.57	3947387	20.65
Retail sale via stalls and markets of textiles, clothing and footwear	293256	264618	-9.77	255594	-3.41
Total	**4796045**	**4757266**	**-0.81**	**5547741**	**16.62**
(Source: Ministry of Statistics and Programme Implementation)					

Trade sector contributes to a large share of employment along with very high growth rate of 16.62 %.

Table 8.9: Estimates of Workers in Textile Sector (Periodic Labour Force Survey) (PLFS)					
Service Sector					
Description	**2017-18**	**2018-19**	**% Change**	**2019-20**	**% Change**
Specialized design activities	44907	57566	28.19	69188	20.189
Renting and leasing of other personal and household goods n.e.c.	6518	0	-100	17476	-
Total	**51425**	**57566**	**11.94**	**86664**	**50.55**
(Source: Ministry of Statistics and Programme Implementation)					

The service sector's contribution in employment is not significant.

Employment Oriented Schemes of Ministry of Textiles:

Table 8.10: Employment Oriented schemes		
Schemes	**Employment generated**	**% of Total Increase**
Scheme of Integrated Textile Park	67877	1.17
ATUFS	327472	5.66
Scheme for Development of Knitting & Knitwear	2400000	41.46
Silk Samagra	1500000	25.91
National Handicrafts Development Program	150000	2.59
National Handloom Development Program	843000	14.56
Technical Textile interventions	500000	8.64
Total	**5788349**	**100.00**

Source: Annual Report Ministry of Textiles

The employment generated under various schemes/initiatives (as shown above) is analyzed against the targets set under various schemes and the reasons for shortfall has been indicated. This analysis may help in taking corrective actions in reaching desired level of employment. Although in absolute numbers all the schemes have shown good contribution in employment generation, but meaningful analysis can be made only after comparing them with the employment target set under each scheme.

Table 8.11: Segment Wise Employment Generated Under ATUFS during the Period January 2016 to June 2021

Segment Name	New Employment	Existing Employment	Total Employment	New Employment as % of existing employment
Garmenting (15% CIS)	85845	386645	472490	22.20
Handloom (10% CIS)	461	226	687	203.98
Jute (10% CIS)	3258	15294	18552	21.30
Multi activity(10%CIS/15%CIS)	149198	428504	577702	34.82
Processing (10% CIS)	25432	162786	188218	15.62
Skill (10% CIS)	450	488	938	92.21
Technical Textile (15% CIS)	6699	20928	27627	32.01
Weaving (10% CIS)	56129	98225	154354	57.14
Total	**327472**	**1113096**	**1440568**	**29.42**
(Source: Ministry of Textiles)				

As evident from the data above, there has been 29.42% increase in employment. In absolute number, almost 14.5 lakh new jobs have been created. In absolute numbers, barring the multi-activity (where 149198 new jobs have been created), the highest number of jobs have been created in the Garmenting segment (85845) followed by Weaving (56129).

In the coming times, more jobs may be created from these two segments. There is a need to boost the handloom segment since this is a focus segment and has potential. Considering its position in the value chain if investments are made then there is a possibility of substantial increase in jobs in this segment**.**

Production:

As far as production in Textiles & Apparel is concerned, one measure is the share of T&A as a percentage of Manufacturing and GDP which is given in the Table 8.12 below. It will be noted that Textiles share in manufacturing is around ~13% and that in GDP around 2.2% has remained static in the last 5 years.

Table 8.12: Share of T & A as a percentage of Manufacturing and GDP (Rs. In crore)

Year	India GDP (GVA at basic prices)	Manufacturing Sector		Textiles &Wearing Apparel Sector		
		GVA at basic Prices	Share of manufacturing to India's GDP	GVA at basic Prices in T&A	Share of T&A to Manufacturing Sector	Share of T&A to India's GDP
2019-20	1,32,71,471	2269424	17.10	2,90,102	12.78	2.20%
2018-19	12744203	2326067	18.25	2,95,440	12.70	2.30%
2017-18	12034171	2209428	18.36	2,80,873	12.71	2.30%
2016-17	11247629	2048711	18.21	259108	12.65	2.30%
2015-16	10490514	1872115	17.84	232718	12.43	2.22%
2014-15	9727490	1667068	17.14	226770	13.5	2.33%
2013-14	9169787	1658176	18.08	197617	11.92	2.16%
2012-13	8599224	1574471	15.74	184335	11.71	2.14%
2011-12	8195546	1320158	16.11	138755	10.51	1.69%

Source: National Accounts Statistics, 2012-13 to 2018.

The Table 8.13 below shows the growth in the production of different types of Fibers including Natural Fiber and Man Made Fiber in India over the period 2015-2019.

Table 8.13: Fibre Production Breakup in India (million Kg)

	Fibre	2015-16	2019-20	Share 2019-20 (%)	CAGR 2015-19 (%)
1	Cotton	5750	5750	62%	0%
2	Silk	29	36	<0.5%	6%
3	Wool	47	45	0.50%	-1%
4	Others	1690	1683	18%	-
5	Natural Fibre=1+2+3+4	7516	7514	81%	0%
6	Viscose Staple Fibre	342	578	6%	14%
7	Polyester Staple Fibre	894	1085	12%	5%
8	Acrylic Staple Fibre	107	98	1%	-2%
9	other MMSF	5	4	<0.1%	-5%
10	Man Made Staple Fibre=6+7+8+9	1347	1765	19%	7%
11	**Total Fibre=5+10**	**8863**	**9279**	**-**	**1%**

Source: Wazir

It is noted that though India has been one of the largest producers of Cotton after China, its production of Cotton fiber over the years has remained almost constant given the constraints of land available for use. While Silk showed a CAGR of 6% during the above period, Wool showed a decline with the production of Natural fibers virtually remaining constant over the above period. The Man Made Fiber on the other hand grew at a CAGR of about 7% during the above period. Further, it is observed that while the production of Natural fibers in India accounts for about 81% of the total fiber production, the share of Manmade fiber was that of only 19% i.e. the share of Natural fiber to MMF is in the ratio of 81:19 This is in contrast to global trends where the share of Manmade to Natural fibers in production has since reversed and is more in the region of 80:20. There is consequently a need to enhance production in the MMF segment further in India to cater to the global demand and to design fiscal incentives accordingly. There is also a need to skill the current workforce and bring in the required technological upgradation to give a fillip to the production of MMF.

Table 8.14 below shows the growth in filament yarn, cotton and spun yarn during the period 2015-16 to 2018-19. Production figures for the period beyond 2018-19 were not available. In 2018-19, manmade filament yarn dropped by 2.7%, while cotton, blended and spun yarn grew @ 2.9%, 4% and 3.2% respectively. While Mill sector production of cloth dropped, cloth production in the Decentralized sector grew by 5.2%.

	Table 8.14: Estimated production of filament yarn, cotton & spun yarn and cloth (Figures in Million)							
						Cloth		
	Cotton yarn	**% share of cotton yarn**	**Blended & 100% Non-cotton yarn**	**% share of blended and non-cotton yarn**	**Total Spun Yarn**	**Mill sector ***	**Decentralized sector ***	**Grand Total (Excl Khadhi, Wool and silk)**
Period	**Kg**		**Kg**		**Kg**	**Sq. mtr**	**Sq. mtr**	**Sq. mtr**
2015-16	4138	73.0	1527	27.0	5665	2315	62269	64584
2016-17	4055	71.7	1604	28.3	5659	2264	61216	63480
2017-18	4064	71.5	1616	28.5	5680	2157	64688	66845
2018-19 (P)	4182	71.3	1680	28.7	5862	2012	68034	70046
% Variation 2018-19 over 2017-18	2.9		4		3.2	-6.7	5.2	4.8

Source: TXC

The details of fabric production sector wise are given in table 8.15 below:

It will be noted that the share of Mill sector in cloth production is in the range of 3.5 to 2.7 % during the period 2015-20 and is gradually decreasing. Fabric production is mostly concentrated in the decentralized sector with the share of handloom sector varying in the range of 11.7 to 9.3% during the period 2015-20, the share of power-loom being in the range of 56.5% and 62% in this period and the share of Hosiery

Table 8.15: Growth of Fabric Production in India

(In Million sq metres)

Items	2015-16	2016-17	2017-18	2018-19	2019-20 (P)	CAGR
Mill *						
Cotton	1504	1500	1324	1323	1348	-2.2
Blended	733	689	726	660	560	-5.2
100% Non-cotton	78	75	107	95	120	9.0
Total	**2315**	**2264**	**2157**	**2078**	**2027**	-2.6
	3.5	**3.5**	**3.2**	**2.9**	**2.7**	-5.5
Handloom **						
Cotton	6827	7117	7266	7907	6386	-1.3
Blended	106	109	155	73	78	-6.0
100% Non-cotton	705	781	659	547	647	-1.7
Total	**7638**	**8007**	**8080**	**8527**	**7111**	-1.4
	11.7	**12.4**	**11.9**	**12.0**	**9.3**	-4.3
POWERLOOM**						
Cotton	15696	15730	16018	14597	14746	-1.2
Blended	7826	8197	9090	10465	10654	6.4
100% Non-cotton	13462	11745	13837	14764	21758	10.1
Total	**36984**	**35672**	**38945**	**39826**	**47158**	5.0
	56.5	**55.4**	**57.5**	**56.1**	**62.0**	1.9
HOSIERY**						
Cotton	14413	14490	15449	18377	17558	4.0
Blended	2144	2085	1437	698	672	-20.7
100% Non-cotton	1090	962	777	563	579	-11.9
Total	**17647**	**17537**	**17663**	**19638**	**18809**	1.3
	26.9	**27.2**	**26.1**	**27.6**	**24.7**	-1.7
ALL SECTORS						
Cotton	38440	38837	40057	42204	40038	0.8
Blended	10809	11080	11408	11896	11964	2.1
100% Non-cotton	15335	13563	15380	15970	23104	8.5
Total	**64584**	**63480**	**66845**	**70070**	**75106**	3.1
Khadi, Wool, Silk.	921	941	934	981	981	1.3
	1.4	1.5	1.4	1.4	1.3	-1.7
Total	**65505**	**64421**	**67779**	**71051**	**76087**	3.0

varying in the range of 26.9% and 24.7 during 2015-20. The share of Khadi, Wool and Silk fabric has remained constant between 1.4 and 1.3% during the above period and remains very small. Thus, the main components of fabric are manufactured in the power-loom segment and the hosiery sector and both these segments grew @5% and 1.3 % resp during the above period with all types of fabric having registered an overall growth rate of 3%. Within the power-loom sector, it was the 100% Non-cotton which showed the fastest growth and within the hosiery sector, it was the cotton segment which showed the fastest growth.

Data in respect of production of garments and made-ups is given in Table 8.16 below:

Table 8.16: Growth in Garment and Made-ups production				
	2018-19	**2019-20**	**2020-21**	**Y-o-Y change**
Garments (Mn pcs)	21000	22000	16000	-27%
Made-ups (Mn kgs)	2300	2400	2100	-12%

Source: Wazir

Garment production in India was estimated at 22 billion pcs in 2019-20, while made-ups production stood at approx. 2.4 billion Kg. Due to Covid-19, the 2020- 21 apparel and made-ups production is expected to fall 27% and 12%, respectively.

Table 8.17: Garments and Made-ups Exports (US $ Million)

	2015-16	**2019-20**	**Share 2019-20 (%)**	**CAGR 2015-19 (%)**
Cotton garments	8359	8205	53%	0
Synthetic garments	3994	3371	22%	-4
Other garments	4637	3933	25%	-4
Total garments	16990	15509	100%	-2
Made-ups	6494	6941	100%	2

Source: Wazir

India exported garments worth US$ 15,509 million in year 2019-20, declining at a CAGR of 2% since 2015-16. Made-ups exports on the contrary grew at 2% CAGR from 2015-16 to reach US$ 6,941 million in 2019-20.

Table 8.18: Garments and Made-ups Imports (US $ Million)

	2015-16	**2019-20**	**Share 2019-20 (%)**	**CAGR 2015-19 (%)**
Cotton garments	239	464	41%	18
Synthetic garments	150	336	29%	22
Other garments	191	345	30%	16
Total garments	580	1145	100%	19
Made-ups	881	1022	100%	4

Source: Wazir

India imported US$ 1,145 million worth of garments and US$ 1,022 million worth of made ups in 2019-20. Imports of synthetic garments, cotton garments and other garments increased at a CAGR of 22%, 18% and 16% respectively since 2015-16. This is despite the increase in import duties imposed on the garment sector in 2018.

Investments

Investments made in the Textile sector as per ASI (in Rs lakhs) is given in the Table 8.19 below:

Table 8.19: Growth in Investments made in the Textile sector as per ASI in Rs lakhs				
	2009-10	2013-14	2017-18	CAGR over 8 years (%)
Textiles	1,34,22,665	2,65,77,258	2,36,06,558	7.3
Wearing Apparel	28,21,524	39,11,230	55,98,191	8.9
Cotton Ginning	NA	18,38,259	16,43,268	-2.218

Source: Annual Survey of Industries

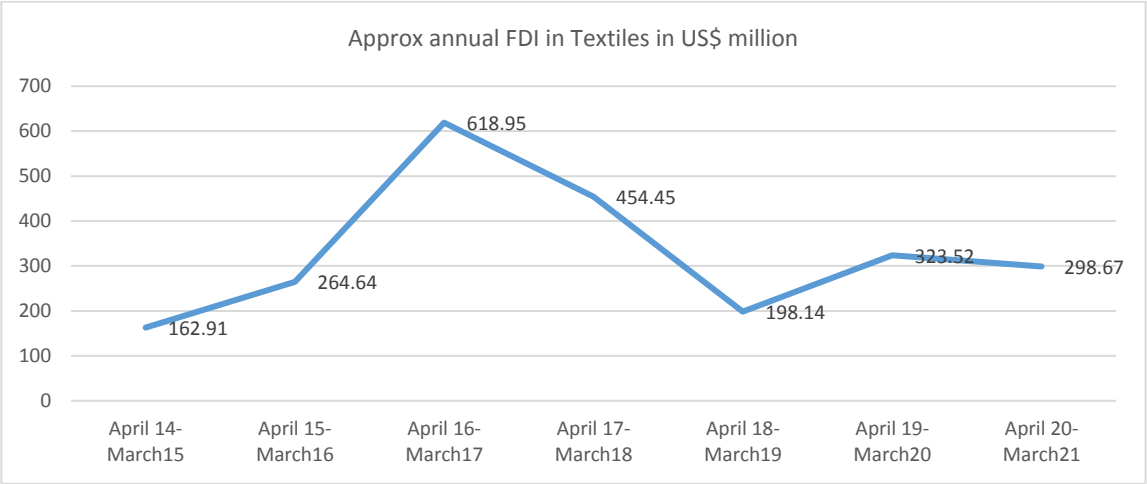
Investment in Textile as per Annual Survey of Industries grew @7.3%in Textiles and 8.9% in Wearing and Apparel over the period 2009-10 to 2017-18. However, the investment in Cotton ginning reduced during the above period. The ASI data, however summarizes the growth of investment in T&A only in the formal sector and doesn't capture the flow of Foreign Direct Investment in T&A or the investments made in the informal segment of the T&A sector.

As far as Foreign Direct Investment in Textiles is concerned, it grew steadily till 2016-17 after which it tapered off (See table 8.20 below).

Table 8.20: FDI in Textiles in US$ million

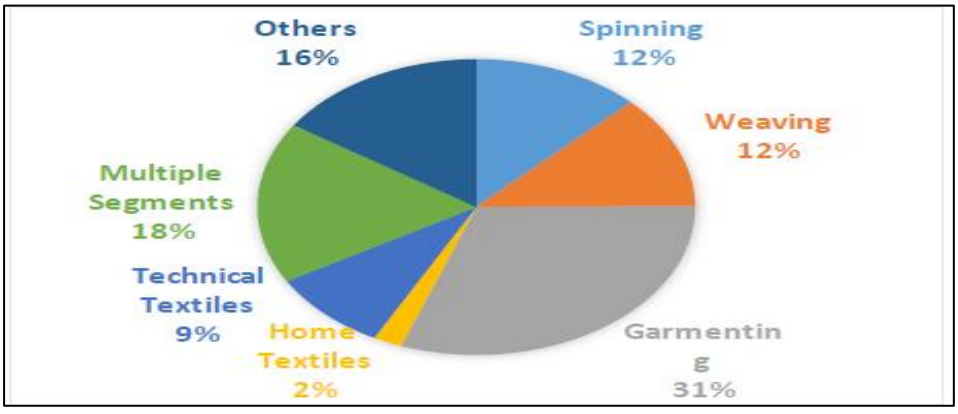
Year	Approx annual FDI in Textiles in US$ million	Rate of growth (%)	Garment (31%)	Weaving (12%)	Spinning (12%)	Technical Textiles (9%)	Home Textiles (2%)
April 14-March15	162.91		51	20	20	15	3
April 15-March16	264.64	62.45	82	32	32	24	5
April 16-March17	618.95	133.88	192	74	74	56	12
April 17-March18	454.45	-26.58	141	55	55	41	9
April 18-March19	198.14	-56.40	61	24	24	18	4
April 19-March20	323.52	63.28	100	39	39	29	6
April 20-March21	298.67	-7.68	93	36	36	27	6

Source: DIPP



The sectoral flow of FDI in table 8.20 are based on a study done by Wazir for M/O Textiles for the period 2001-2015, according to which 31% of this FDI was in Garmenting, 12% in weaving, 12% in Spinning, 9% in Technical Textiles and 2% in Home Textiles. The same estimates have been used for assessing the flow of FDI in the various textile segments.

Segment-Wise FDI in Indian textile sector from 2000-01 to 2014-15 (US$ Mn.):



Source: Department of Industrial policy and Promotion, Wazir Analysis

To get a complete picture of investments made in T&A, it is also necessary to look at the initiatives taken by GOI for boosting Investments in the sector which include setting up Integrated Textile Parks (SITP) & Mega Investment Textile Parks (MITRA), provision of one-time capital subsidy under ATUFS for investments in the employment and technology intensive segments of the textile value chain.

The table 8.21 provides an estimate of the flow of Investment to the various segments in Textiles and the subsidy granted to different components of the Industry under ATUFS. It will be seen that highest amount of subsidy for technology upgradation was given by the Ministry for garmenting and Technical Textiles @15% of the capital cost to encourage modernization in these sectors. A large part of the Govt subsidy under ATUFS went for Weaving and Multi-activities.

Table 8.21: Segment wise investment and employment under ATUFS since inception of the scheme i.e.13.01.2016-30.06.2021

Segment Name	No of UID issued	Project cost reported by unit (Rs cr)	New Employment	Existing Employment	Total Employment	New Employment as a % of old employment
Garmenting (15% CIS)	1318	2735.53	85845	386645	472490	22.2
Handloom (10%CIS)	90	69.46	461	226	687	203.98
Jute (10% CIS)	12	14.47	3258	15294	18552	21.3
Multi activity (10%CIS/15%CIS)	2016	22345.59	149198	428504	577702	34.82
Processing (10% CIS)	1295	4895.34	25432	162786	188218	15.62
Skill (10% CIS)	41	52.07	450	488	938	92.21
Technical Textile (15% CIS)	422	2811.26	6699	20928	27627	32.01
Weaving (10% CIS)	6546	16132.26	56129	98225	154354	57.14
Total	**11740**	**49055.98**	**327472**	**1113096**	**1440568**	**29.42**

Source: Textile Commissioners office

Thus, though it is clear that Investment in T&A has been increasing over the years (with the exception of ginning), the above data on Investment from various sources cannot necessarily be aggregated to get a figure on total investment flow in each Textile segment. AJNIFM had sent out a questionnaire to various EPCs to elicit information on the change in the flow of Investments in the different segments of Textiles. However, no information could be elicited on the same. This, thus, remains an important data gap and needs to be addressed.

Exports and Imports

Table 8.22: Textile and Apparel(Values in Million US$)		
Financial year	**Exports**	**Imports**
2016-2017	36477.4	6045.89
2017-2018	36747.84	7036.31
2018-2019	37497.68	7393.18
2019-2020	34221.63	8157.3
2020-2021	30898.64	5863.26
CAGR (5 Years)	-3.27	-0.61

Source: DGCIS

The export of T&A has shown a decline since 2019-20. In fact, it declined from 36.4 Bn US$ in 2016-17 to 30.89 Bn US$ in 2020-21(Refer Table 8.23) registering a CAGR of -3.27% in this period.

The import of T&A on the other hand has been rising but registered a substantial decline in 2020-21 leading to a net CAGR of -0.61% over the above period. This decline in T&A import in 2020-21 is likely on account of decline in production levels on account of Covid and Govt policy of Make in India / Aatma Nirbhar Bharat.

A chapter-wise detail of T&A Export in the last 5 years is given in the Table 8.15 below:

Table 8.23: Chapter-wise detail of T&A Export in the last 5 years(Values in Million US$)							
HS Code	**Commodity**	**2016-17**	**2017-18**	**2018-2019**	**2019-2020**	**2020-2021**	**%Growth in 20-21 wrt previous year**
50	SILK	86.7	77.03	84.48	83.95	79.21	-5.65
51	WOOL, FINE OR COARSE ANIMAL HAIR, HORSEHAIR YARN AND WOVEN FABRIC.	160.44	164.4	198.73	160.28	88.66	-44.69
52	COTTON.	6,611.05	7,045.26	7,888.29	5,736.72	6,315.95	10.1
53	OTHER VEGETABLE TEXTILE FIBRES; PAPER YARN AND WOVEN FABRICS OF PAPER YARN.	400.35	451.98	445.83	447.07	533.79	19.4
54	MAN-MADE FILAMENTS.	1,988.40	2,169.84	2,291.70	2,391.78	1,554.02	-35.03
55	MAN-MADE STAPLE FIBRES.	2,143.12	2,049.36	1,905.16	1,669.05	1,292.42	-22.57
56	WADDING, FELT AND NONWOVENS; SPACIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF.	350.42	390.88	427.32	412.83	495.8	20.1
57	CARPETS AND OTHER TEXTILE FLOOR COVERINGS.	1,773.98	1,711.17	1,765.97	1,666.15	1,869.18	12.19

58	SPECIAL WOVEN FABRICS; TUFTED TEXTILE FABRICS; LACE; TAPESTRIES; TRIMMINGS; EMBROIDERY.	373.6	376.2	377.85	418.99	313.76	-25.12
59	IMPREGNATED, COATED, COVERED OR LAMINATED TEXTILE FABRICS; TEXTILE ARTICLES SUITABLE FOR INDUSTRIAL USE.	211.13	233.71	258.42	291.1	363.62	24.91
60	KNITTED OR CROCHETED FABRICS.	284.52	342.92	440.21	422.28	482.38	14.23
61	APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CORCHETED.	8,223.74	7,997.21	7,820.41	7,514.83	6,347.52	-15.53
62	APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED.	9,164.61	8,724.53	8,335.96	7,994.76	5,941.73	-25.68
63	OTHER MADE UPS	4,705.34	5,013.35	5,257.35	5,011.84	5,220.60	4.17
	India's Total T&A Export	**36477.4**	**36747.84**	**37497.68**	**34221.63**	**30898.64**	**-10.75449**
	India's Total Export	**2,75,852.43**	**3,03,526.16**	**3,30,078.09**	**3,13,361.04**	**2,91,163.54**	**-7.08**
	T&A's share in Total Export	13.22	12.11	11.36	10.92	10.61	

Thus, our total Exports in T&A sector declined by almost 11 % in 2020-21 w.r.t to the previous year with the largest decline in exports having been registered in apparel and clothing, special woven fabrics, manmade filaments, manmade fibres, silk and wool. The share of T&A exports in total exports however continued to hover around 11%.

A chapter-wise detail of T&A Import in the last 5 years is given in the table 8.24 below:

Table 8.24: chapter-wise detail of T&A Import in the last 5 years (Values in Million US$)								
HS Code	**Commodity**	**2016-17**	**2017-18**	**2018-2019**	**2019-2020**	**2020-2021**	**%Growth in 20-21 wrt previous year**	**% Growth 19-20 on 18-19**
50	SILK	209.84	250.63	202.43	210.41	99.26	-52.82	3.9
51	WOOL, FINE OR COARSE ANIMAL HAIR, HORSEHAIR YARN AND WOVEN FABRIC.	324	345.05	384.14	290.88	164.53	-43.43	-24.3
52	COTTON.	1,132.26	1,181.02	840.51	1,528.87	509.46	-66.68	81.9
53	OTHER VEGETABLE TEXTILE FIBRES; PAPER YARN AND WOVEN FABRICS OF PAPER YARN.	340.5	348.09	318.42	379.98	250.94	-33.96	19.3
54	MAN-MADE FILAMENTS.	724.07	859.22	977.04	1,038.93	912.45	-12.17	6.3
55	MAN-MADE STAPLE FIBRES.	570.45	722.74	932.24	959.1	837.15	-12.72	2.9
56	WADDING, FELT AND NONWOVENS; SPACIAL YARNS; TWINE, CORDAGE, ROPES AND CABLES AND ARTICLES THEREOF.	295.06	328.22	361.27	380.08	332.28	-12.58	5.2
57	CARPETS AND OTHER TEXTILE FLOOR COVERINGS.	85.66	113.06	121.75	136.85	87.71	-35.91	12.4
58	SPECIAL WOVEN FABRICS; TUFTED TEXTILE FABRICS; LACE; TAPESTRIE; TRIMMINGS EMBROIDERY.	182.78	201.28	208.82	218.02	165.16	-24.24	4.4
59	IMPREGNATED, COATED,	677.54	860.97	873.9	743.37	534.28	-28.13	-14.9

	COVERED OR LAMINATED TEXTILE FABRICS; TEXTILE ARTICLES OF A KIND SUITABLE FOR INDUSTRIAL USE.							
60	KNITTED OR CROCHETED FABRICS.	477.33	592.3	565.63	550.1	485.4	-11.76	-2.7
61	APPAREL AND CLOTHING ACCESSORIES, KNITTED OR CORCHETED.	263.52	348.29	464.08	497.52	392.81	-21.05	7.2
62	APPAREL AND CLOTHING ACCESSORIES, NOT KNITTED OR CROCHETED.	332.04	424.79	642.21	646.91	488.27	-24.52	0.7
63	OTHER MADE UP TEXTILE ARTICLES;	430.84	460.65	500.74	576.28	603.56	4.73	15.1
	TOTAL T&A IMPORT	6045.89	7036.31	7393.18	8157.3	5863.26	-28.12	10.3
	TOTAL IMPORT	**3,84,357.03**	**4,65,580.99**	**5,14,078.42**	**4,74,709.28**	**3,93,610.56**	**-17.1**	**-7.7**
	% SHARE	**1.6**	**1.5**	**1.4**	**1.7**	**1.5**		

As far as T&A imports are concerned, it is noted that T&A imports rose each year for the period 2016-17 to 2019-20, but there was a decline of 28.12 % in 2020-21 w.r.t to the previous year i.e 2019-20. This decline in imports in 20-21was more a consequence of reduced production/activity levels during Covid than any other reason and accordingly, the year 20-21 cannot be taken to be representative of a declining trend. In the previous years, imports have risen in aggregate in most categories despite the increase in BCD. In fact, if we look at the imports in 19-20 in comparison with 18-19, we observe an increase in imports in most T&A categories including Silk, Manmade Filaments, Manmade Fibres, wadding and Non wovens, Carpets, garments, Made-ups etc. with the exception of Wool & Fabrics. An exercise undertaken to study the correlation between import duty and imports showed almost no correlation[9]. This is suggestive of the relative inelasticity in the demand for imports to BCD in the short run but does not necessarily overrule impact of BCD on imports in the long run.

[9] **Correlation calculation between imports and custom tariff shows no correlation of 0.03.**

The purpose of the above chapter was to highlight the significance of the T&A sector in so far as it relates to employment, production, Investment and Exports and Imports and to assess if the various tax incentives provided by the Government during the period 2016-17 and 2020-21 had any effect on the same as is explicitly required by the TOR mentioned in the report. As the data above shows, it is difficult to establish a one-to-one relation between the import duty concessions provided by the Government and the trends as manifest in the employment, production, Investment and Exports and Imports data partly because of the absence in the level of detail and disaggregation required in the employment, production and investment data. Though the required detail was available in respect of export and import data, no significant correlation was observed between imports and custom duty changes in the short run.

CHAPTER 9

Analysis of Fiber to Fabrics of Important Sectors of Textile

We have abundance of basic raw materials whether it is cotton, viscose, polyester and PET recycled fiber. But still we import certain types of fibers for better quality yarn or the yarn which is in demand. Major portion of Textile Sector in physical and value terms is occupied by the Cotton. As per Global trends and fashion demand for MMF is on rapid rise. Even the market for technical fibers is picking up fast. However, for the present we will concentrate on Cotton, MMF and Silk Sector.

(a) Analysis of Cotton Sector:

The data relating to Cotton Sector on production, consumption, export and import of value chain of Textile Sector starting from fiber to fabric to garments or made ups are given below:

Table 9.1-Production of Fabrics in Different Sectors

(Mn. Sq. Mtrs.)					
Items	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20 (P)**
Cotton (Mill)	1504	1500	1324	1323	1348
Cotton (Handloom)	6827	7117	7266	7907	6386
Cotton (Power loom)	15696	15730	16018	14597	14746
Cotton (Hosiery)	14413	14490	15449	18377	17558
Total Cotton Fabric	**38440**	**38837**	**40057**	**42204**	**40038**
Blended Fabric (Mill)	733	689	726	660	560
Blended Fabric (Handloom)	106	109	155	73	78
Blended Fabric (Power loom)	7826	8197	9090	10465	10654
Blended Fabric (Hosiery)	2144	2085	1437	698	672
Total Blended Fabric	**10809**	**11080**	**11408**	**11896**	**11964**
100% Non-cotton (Mill)	78	75	107	95	120
100% Non-cotton (Handloom)	705	781	659	547	647
100% Non-cotton (Power loom)	13462	11745	13837	14764	21758
100% Non-cotton (Hosiery)	1090	962	777	563	579
Total 100% Non-cotton	**15335**	**13563**	**15380**	**15970**	**23104**
ALL Fabrics					
Cotton	38440	38837	40057	42204	40038
Blended	10809	11080	11408	11896	11964
100% Non-cotton	15335	13563	15380	15970	23104
Total	**64584**	**63480**	**66845**	**70070**	**75106**
Khadi, Wool, Silk.	921	941	934	981	981
Total	**65505**	**64421**	**67779**	**71051**	**76087**

Source: Ministry of Textile

The following important facts emerge

- **Cotton Fiber availability**

  Cotton Staple Fiber production, Export and Import: Cotton has declined in the total production of Fibers from share of 65% in 2015-16 to 62% in 2019-20. Cotton production has remained almost static at 5,750 million Kgs. over so many years which needs to be looked into while its imports had significantly increased from 394 million US$ in 2015-16 to 1328 million US$ in 2019-20 increase of 237% in five years. At the same time exports have shown a decline from 1,939 million US$ to 1,057 million US$ a decline of 45%. Decline in export

of cotton staple fiber and 237% increase in its imports have raised its total availability in our domestic market, obviously to be used in the manufacture of yarn and subsequent production. In fact, the share of cotton fiber export in total export of fibers drastically fell from 70.56% in 2015-16 to 55.89% in 2019-20. In a way if more raw materials are in demand domestically it is good for the economy.

- **Cotton Yarn availability**

  Cotton spun yarn production has gone up from 4138 million Kgs in 2015-16 to 4,208 million Kgs in 2018-19 and then declined to 3,996 million Kgs in 2019-20. On the other hand, the blended yarn production increased from 1,527 million Kgs to 1663 million Kgs, i.e., around 133 million Kgs. It is therefore obvious that increased availability of cotton as stated above found its consumption more in the blended yarn.

  Further, cotton spun yarn exports declined from 3,572 million US$ in 2015-16 to 2,774 million US$ in 2019-20, i.e., 798 million US$. There was overall decline in the export of Yarn of all types (from 5651 million US$ to 4813 million US$) except Polyester Filament Yarn, in this period. Cotton spun yarn imports have also shown fall from 42 million US$ in 2015-16 to 19 million US$ in 2019-20. But, imports of man-made spun yarn almost doubled from 177 million US$ to 334 million US$ and of Viscose Filament Yarn went up from 58 million US$ to 161 million US$ (i.e., nearly three times). [Average exchange rate of US$ during this period has been Rs. 64 in 2015, Rs. 67 in 2016, Rs.65 in 2017, Rs. 70 in 2018, Rs. 73 in 2019 and Rs. 74 in 2020.]

  In totality, production of Cotton Spun Yarn during the period under analysis seems to have hovered around 4,000 million Kgs. With reduction in exports by 22% (798 million US$), the availability of cotton yarn for domestic market seems to have increased.

- **Cotton Fabrics**

  Production of Fabrics is obviously dependent on the total supply of yarn in the country which consists of domestic production of yarn plus import of yarn minus export of yarn. Let us analyses the production of fabrics in terms of type of yarn it consists of and simultaneously observe the impact of tax changes. Table above delineates data relating to Fabrics of various raw materials manufactured under different Sectors.

  As stated above there has been increased supply of cotton yarn in the country. When we look at the production of Cotton Fabric during this period, it has gradually increased from 38,440 million Sq. Mtrs. to 42,204 million Sq. Mtrs. in 2018-19. Provisional Figures for 2019-20 show production to be around 40,000 million Sq. Mtrs.

  i. Cotton fiber carried nil duty of Central Excise while yarn had 6% prior to introduction of GST from introduced on 1st July 2017. Cotton Fabric was also subjected to 6% Central Excise duty. Cotton (100%) garments had a levy of 6% on 60% of Retail Sale Price (RSP). From 1st July 2017, 5% GST was introduced on cotton fiber and downstream products, i.e., yarn and fabrics. So far as cotton garments are concerned, the duty structure was changed where garments with sale value of Rs.1, 000 or less would attract 5% GST while above Rs.1, 000 would attract 12% GST.

  ii. Though it cannot be said that the growth in an industry is an absolute function of tax rates but the changes in taxes definitely impact the industry in positive or negative manner. If we look at the immediately preceding years before the introduction of GST, Cotton Fabric Sector has growth of 1.03%, though in earlier years it has grown at the rate of 4 to 5%. There was negative growth of 4% also in 2011-12.

iii. Whenever a new tax system is introduced in a country, there are initial hiccups and teething troubles which sometimes negatively impact the industry. Cotton industry seems to have taken this switch over in right stride. Prior to introduction of GST, there was no Central Excise duty on Cotton but it suffered from VAT, CST, Entry Tax and partly embedded taxes like post clearance Service Tax. These taxes put an incidence of around 7-8% for which no credit was available to cotton yarn manufacturer. On the introduction of GST from 1st July 2017 all these taxes were subsumed by GST.

iv. Now cotton carries GST of 5%. In fact, entire value chain of cotton textile carried 5% GST except garments which were based on price of a Garment. As per the scheme at every stage tax paid was available as credit till the product reached the final consumer. This resulted in reduction of total incidence of taxes in the cotton sector. From the above Table-9.1 it can be observed that lowering of rates on introduction of GST has salubrious impact on this industry as it has gradually picked up and now is growing at 4%-5% which is above the average rate in earlier years (2013-14 and 2014-15). The growth is happening even when the Mill Sector, which is highly organized and automated, and Power-loom Sector have shown gradual decline in their production (Table-9.1 refers). This indicates higher level of responsiveness in Handloom and Hosiery Sectors who have more than compensated for the decrease in Mill and Power-loom Sectors.

v. This would also mean more employment generation as Handloom Sector is highly labor intensive. This fact is supported by the data given in Table 9.2 which shows 203.98% increase in employment in Handloom Sector under ATUFS during the period January 2016 to June 2021 which is far higher than the growth of employment in other Textile Sectors. Export of Cotton Woven fabric has gone up from 1,750 million US$ in 2015-16 to 1,905 million US$ in 2019-20 (Growth of 9%), though Synthetic Woven Fabric has gone down from 2088 million US$ to 1,879 million US$ during this period. Hence once again it is becoming apparent that reduction in tax rates/incidence in the Cotton Sector has contributed towards its growth. Imports of Cotton woven fabric has registered a growth of 11.65% from 163 million US$ in 2015-16 to 182 million US$ in 2019-20.

Table 9.2-Segment wise employment generated under ATUFS During the period January 2016 to June 2021

Segment Name	New Employment	Existing Employment	Total Employment	New Employment as % of existing employment
Garmenting (15% CIS)	85845	386645	472490	22.20
Handloom (10% CIS)	461	226	687	203.98
Jute (10% CIS)	3258	15294	18552	21.30
Multi activity (10%CIS/15%CIS)	149198	428504	577702	34.82
Processing (10% CIS)	25432	162786	188218	15.62
Skill (10% CIS)	450	488	938	92.21
Technical Textile (15% CIS)	6699	20928	27627	32.01
Weaving (10% CIS)	56129	98225	154354	57.14
Total	**327472**	**1113096**	**1440568**	**29.42**

Source: Office Textile Commissioner, Ministry of Textiles

Table 9.3-Fabric Exports of India

(In Million US$)		
Fabric	**Export**	
	2015-16	**2019-20**
Cotton Woven	1750	1905
Synthetic Woven	2088	1879
Other Woven	713	860
Total Woven Fabric	**4551**	**4644**
Knitted Fabric	240	422
Total Fabric	**4791**	**5066**

Source: DGCI&S

Table 9.4-Fabric Imports of India

(In Million US$)		
Fabric	**Import**	
	2015-16	**2019-20**
Cotton Woven	163	182
Synthetic Woven	712	868
Other Woven	630	725
Total Woven Fabric	**1505**	**1775**
Knitted Fabric	349	550
Total Fabric	**1854**	**2325**

Source: DGCI&S

(i) The production of number of pieces of all types (Cotton, blended and synthetic) garments have registered good growth, like in 2018-19 the number was 21,000 million pieces which went up by 1,000 million pieces to 22,000 pieces in 2019-20. Value of cotton garments exports, has gone down from 8,359 million US$ in 2015-16 to 8,205 million US$ in 2019-20. One reason is appreciation of US$ over the years. Another reason is to export at more competitive prices, as we know Bangladesh and Vietnam are giving tough competition to us. Table-9.3, shows that Cotton Textiles export has grown by 6% in 2017-18 and 10% in 2018-19 but again dipped by 17% in 2019-20 reaching 2016-17 level.

(ii) But for July 2017, when GST was introduced, there is hardly any change in domestic tax structure till 2020 in cottons. The impact seems to be of extraneous
Factors other than tax changes.

(iii) India's cotton textile imports have shown good growth as can be observed from Table-9.4, despite increase in import duties on many items of cotton, increase in Basic Customs duty ranging from nil to 5%, 10% to 20%. The hike in customs duty and appreciation of US$ had not lowered the demand for cotton textiles.

Table 9.5-India's Export (Principal Commodity wise) in last five years

In Million US$						
Commodity	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**CAGR**
Readymade Garment	16964	17368	16707	16138	15488	-2%
Cotton Textiles	11149	10529	11212	12405	10263	-2%
Man-made textiles	5162	5151	5413	5551	5324	1%
Wool & Woollen textiles	197	175	187	222	181	-2%
Silk Products	98	76	69	76	72	-7%
Handloom Products	369	360	356	344	319	-4%
Carpets	1440	1490	1430	1482	1373	-1%
Jute Products	313	321	350	340	357	3%
Total Textile & Clothing	35692	35472	35723	36558	33377	-2%
Handicrafts	3293	3639	3573	3804	3564	2%
Total T&A including Handicrafts	**38984**	**39110**	**39296**	**40362**	**36941**	**-1%**

Source: DGCIS and EPCH

Note: Handicrafts data for FY 2019-20 is provisional provided by EPCH

Table 9.6-India's Import (Principal Commodity wise) in last five years

In Million US$						
Commodity	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**CAGR**
Readymade Garment	581	596	773	1106	1145	18%
Cotton Textiles	1707	2083	2448	2065	2761	13%
Man-made textiles	2130	1973	2265	2670	2683	6%
Wool & Woollen textiles	367	327	372	425	332	-2%
Silk Products	206	210	251	202	210	1%
Handloom Products	10	5	11	15	11	2%
Carpets	79	71	94	101	118	10%
Jute Products	248	244	181	170	240	-1%
Total Textile & Apparel	**5328**	**5509**	**6394**	**6755**	**7500**	**9%**
Handicrafts	693	784	923	794	762	2%

Source: DGCIS

(b) Analysis of MMF Sector:

MMF is primarily used to produce 100% non-cotton fabrics and blended fabrics. These are subsequently used to produce readymade garments and home and industrial textiles. The demand for MMF can increase by increasing use of technical textiles, changing consumer trends and brand consciousness etc.

The production and availability MMF fiber in India is given below:

Table 9.7-Capacity and Production of MMF

Capacity and Production of MMF								
Product	**2016-17**		**2017-18**		**2018-19**		**% growth in last three years**	
	Capacity	**Production**	**Capacity**	**Production**	**Capacity**	**Production**	**Capacity**	**Production**
Manmade fibres (mn.kg)	1782	1524	2242	1596	2850	1695	59.93	11.22
Manmade filament yarns (mn.kg)	5806	3370	6692	3550	6819	3812	17.45	13.12
MMF Spun Yarn (mn.kg)	-	572	-	553	-	599	-	4.72
MMF Fabrics and Blends (mn.sq.mtr.)	-	25584	-	28000	-	28700	-	12.18

Source: ASFI, Industry and Textile Commissioner

- **Manmade Fibers:**

  Globally, the ratio between MMF and natural fiber is 70:30. But the Indian textile industry is predominately using cotton. As can be seen from above table, the production in MMF category has only marginally increased in last three years. In case of manmade fibers, it has increased from 1,524 Mn Kgs in 2016-17 to 1,695 Mn Kgs in 2018-19 i.e., only 11.22%. Considering the data from April 2020 to February 2021, India remained a net exporter. During this period exports reduced by 17.5% and imports increased by 12.5% i.e., exports were at 1007 Mn Kgs and imports were at 542 Mn Kgs. While India remained a net exporter of MMF during the referred period, the trend of both export and import are adverse.

  The domestic consumption is about 22,000 tons in 2020 out of which approximately 25% i.e., 5,212 tons have been imported. Considering the large size of import, there has been demand to increase the customs duty on MMF from 5 to 10%which has been accepted. In addition, a 12% IGST has been also levied. This may boost domestic production and decrease imports.

  A stable and sustainable growth is required in order to increase market share i.e., exports should go up, imports should reduce and India should remain a net exporter by large quantity. India has removed Anti-Dumping Duty on PTA (Purified Terephthalic Acid) and Viscose Staple Fibers which are key raw materials for MMF. This along with rationalization of GST will boost the production of MMF as huge idle capacity exists in the country in this sector. (Mahajan Sir, please add your comment here)

- **Manmade Filament Yarns:**

  In case of manmade filament yarns, the production has increased from 3,370 Mn Kgs in 2016-17 to 3,812 Mn Kgs in 2018-19 i.e., only 13.12%. Imports of all MMF including Manmade Filament Yarns have steeply increased in the post GST era. It has gone up by 83% between July 2018 and June 2019. The removal of CVD post GST implementation made the import 12% cheaper. As a control measure, government increased the import duty on fabrics and garments so that the imports are relatively controlled. Even then the rising imports are putting backward pressure on the domestic Manmade Filament Yarn industry and the desired and expected growth is not happening. It is also going against the "Make in India" initiative of the Government. Off course the rationalization of GST from 18 to 12 and subsequently to 5% (for specific items) has had favorable impact in this sector. It will also invite desired FDI as the money of the firms will not be locked up in pending refunds arising out of present inverted duty structure in MMF Sector.

- **MMF Spun Yarn:**

  In case of MMF Spun Yarn the production has increased from 572 Mn Kgs in 2016-17 to 599 Mn Kgs in 2018-19 i.e., 4.72% which is miniscule. Viscose Spun Yarn is identified as the most widely used MMF Spun Yarn. There are approximately 2.5 million spindles installed for production of this category. This also helps in providing large direct and indirect employment in the rural areas. Considering the growth target, there is a necessity to reassess the need for enhancement of the production capacity.

- **MMF Fabrics and Blends:**

  In case of MMF Fabric and Blends it has increased from 22,584 Mn Kgs in 2016-17 to 28,700 Mn Kgs in 2018-19 i.e., 12.18%. This category of MMF should have very high demand and hence production. But the current growth as visible above is very low. Since

MMFs are extensively used in protective wear category its consumption is expected to grow many times with the growth of protective wear market. Its share in total mill consumption is expected to reach around 65% by 2030. However, the share of cotton is expected to decrease from current level of 55% to 32% by 2030. With this anticipated growth, the MMF Fabrics and Blends production and consumption is are expected to move up exponentially.

The capacity enhancement in MMF has also been very low. Improvement in production and capacity needed in all the four categories considering the achievement of the industry size of Textiles of 190 Bn US$ by 2025.

Table: 9.8-Top five markets of export of MMF by China vs. India

Serial Number	Markets	China's Exports in Million US$. (in 2018)	India's Exports in Million US$. (in 2018)	India's exports as % of China's exports
1	USA	4027.75	637.99	15.84
2	Vietnam	3880.09	103.74	2.67
3	Bangladesh	1714.26	396.91	23.15
4	Brazil	628.57	319.44	50.82
5	Turkey	556.67	491.66	88.32
	Total	**10807.34**	**1949.74**	**18.04**

Source: www.unitedwebnetwork.com

Also, as seen from above Table, India is only exporting 18.04% of MMF as compared to China. This indicates that there has to be aggressive efforts to increase the market share of India which again emphasizes the importance of increasing capital expenditure in order to increase the infrastructural requirements of a scaled-up operation. The increase in investments may help in increase the market share of different MMF segments like Made-ups, Knitted and Woven fabrics, Manmade Filaments and Spun Yarn.

The PLI scheme for Textiles may be a game changer since the focus is on increasing MMF production through incentives. The scheme covers 14 categories of MMF fabrics, 10 categories of technical textiles and MMF apparels. The scheme shall be rolled out in a phased manner and the results are expected to come during 2025-2029. If implemented successfully, it will create select group of world-class global champion companies in MMF and technical textile segments, which have the potential to grow, both in size and scale, using cutting-edge technology and thereby penetrating global value chains. This will help India in capturing a major share of global MMF market as compared to present market share.

Production of fabrics in different sectors

Table 9.9 Estimated production of Fabrics in Different Sectors

					(In Million Sq. Mtrs)
Items	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20 (P)**
Cotton	38440	38837	40057	42204	40038
Blended	10809	11080	11408	11896	11964
100% non-cotton	15335	13563	15380	15970	23104
Khadi, Wool, Silk.	921	941	934	981	981
Total	**65505**	**64421**	**67779**	**71051**	**76087**

Source: Textile Commissioner's office

As evident from Table above, the Cotton fabric production has moved up from 38,440 Mn Sqr. Mtrs in 2015-16 to 40,038 Mn Sqr. Mtrs in 2019-20, but only about 4% whereas the Blended fabric production has moved up from 10,809 Mn Sqr. Mtrs to 11964 Mn Sqr. Mtrs i.e., 10.68 % during the same period. The situation for 100% non-cotton fabrics is much better as compared to the above two. It has moved from 15,335 Mn Sqr. Mtrs in 2015-16 to 23,104 Sqr. Mtrs in 2019-20 i.e., 50.66%. Khadi, Wool and silk being part of fabrics has grown from 921 Mn Sqr. Mtrs to 981 Mn Sqr. Mtrs. i.e., only 6.51%.

The growth of all fabrics taken together in the 5 years in reference has been 16.15 % i.e., it has moved from 65,505 Mn Sqr. Mtrs to 76,087 Mn Sqr. Mtrs. While in absolute terms Cotton is the largest contributor, but in terms of percentage the largest contributor is non-cotton. Considering the demand in the global market for non-cotton fabrics, more emphasis and investments may be made in this sector for further growth. Currently it is contributing only 30.36 % in the Fabric category. This can go up with focus on higher production and sale of this item.

MMF being is the global trend now. So, it is logical to migrate towards MMF that. But Cotton is India's strength. So, we can tap more of global market in this area. The demand for cotton is more in geographies with temperate climates. Rather than chasing developed countries in the West, for enhancing the cotton usage, the Asian market can be explored more for this. The logical reason for this is that population is very high in Asia and the climatic conditions are more favorable for usage of cotton fabrics and garments.

India produces 360 lakh bales of cotton i.e., 25% of the world production, which is the highest in the world. But it ranks 34th in the world in cotton productivity. The expectation of the government is to move India's position to 3rd by increasing the current cotton production from 457 Kg per hectare to 800 to 900 Kg per hectare. The ambition is to cross the world average of 757 Kg per hectare. To achieve this ambitious doubling of the target there would be a requirement to increase the productivity, yield and quality of cotton that is being grown. This could be a real challenge since the target is quite aggressive.

(c) Analysis of Silk sector:

India is the second largest Silk producing country in the world and is the only country that produces all four types of silks namely, Mulberry, Tasar, Eri and Muga. Germany is the largest consumer of Indian silk. With the available potential and the demand for silk, India can move very aggressively to tap bigger market share in the global market. The Indian silk industry has been declared as Labor intensive sector in 2021 as it employs more than 9.76 million people. Because of the vast potential available, it is important to analyses this sector in more detail. Given below is export of Silk from India during last six years:

Table 9.10-Export of Silk from India

						(Million Sq. Mtrs)
Commodity	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**
Raw Silk	0.22	0.07	0.07	0.28	0.16	0.20
Natural Silk Yarn+Fabrics+Made-ups	84.02	61.81	52.72	57.78	58.30	55.89
Silk Readymade Garments	245.91	141.71	157.88	170.82	119.12	91.96
Silk Waste	13.74	14.58	15.69	18.61	13.87	20.34
Silk Carpet	2.58	9.50	2.69	16.13	20.29	23.60
Handloom Products of Silk	18.42	35.97	35.59	34.45	63.80	73.78
Total	**364.89**	**263.64**	**264.64**	**298.07**	**275.54**	**265.77**

Source: Indian Silk Export Promotion Council

- **Raw Silk**

As can be seen from the above table, Raw silk export has dipped from .22 Mn Sq. Mtrs in 2015-16 to .07 Mn Sq Mtrs in the subsequent two years. It picked up to .28 Mn Sq. Mtrs in 2018-19 to dip again to .16 and .20 Mn Sq. Mtrs in 2019-20 and 2020-21 respectively. Off course, the dip could be partially attributed to the pandemic. But as per the trend visible, the sector sees quite a bit of fluctuation in exports.

Almost 97% of the Raw silk is produced by 5 states, namely Karnataka, Andhra Pradesh, Tamil Nadu, West Bengal and Jammu and Kashmir. The highest producer in 2020 was Karnataka with 8,276 Metric Tons. 35,261 MT of Silk was produced in 2018-19. The percentage of contribution in each category are Mulberry-71.5% (25,213 MT), Tasar-8.44% (2,977 MT), Eri-19.4% (6,839 MT) and Muga-.66% (232 MT).

Table 9.11-Raw Silk Data

Particulars on Raw Silk	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
Production of Raw Silk in MT	26480	28708	28523	30348	31906	35468
Import of Raw Silk in MT	3260	3489	3529	3795	3712	2785
Total Raw Silk available in MT	29740	32197	32052	34143	35618	38253
Employment generated in Raw Silk sector in Lakhs	78.50	80.30	82.50	85.10	86.04	91.78

Source: Ministry of Textiles

The production of Raw Silk has continuously increased over the years i.e., from 26,480 MT in 2013-14 to 35,468 MT in 2018-19. This has ultimately resulted in decrease in imports in 2018-19 although there was initial growth in imports. But bringing down imports to zero may not be possible since the Raw silk produced in India is not of very high quality. So, some amount of high-quality silk needs to be imported. Raw silk is the most natural form of delicate fiber that can be easily woven into different fabrics and garments. So, it is important to increase the production of Raw silk which in turn would feed better to the domestic and export market. The net availability of Raw Silk for processing to fabrics and garments has increased by 8,513 MT over the referred period above i.e., it has gone up from 29,740 MT in 2013-14 to 38,253 in 2018-19. This is a very positive indicator.

Also, Raw Silk sector is contributing to growth in employment consistently. It has grown by 17% in the referred six years i.e., it has grown from 78.50 Lakhs in 2013-14 to 91.78 Lakhs in 2018-19. This is also a very positive indicator. If the growth trend in Raw silk availability continues, the employment generation will also keep increasing.

- **Natural Silk Yarn + Fabrics + Made-ups**

This particular category has shown decline in export over the years. From 84.02 Mn Sq. Mtrs in 2015-16, it came down to 55.89 Mn Sq. Mtrs in 2020-21 i.e., almost 67 % in six years. Some of the reasons for the decrease are rising prices of Raw silk, substitution by blended fabrics i.e. blended with polyester and synthetics, may not be too much in fashion in large markets like Europe and USA and tough competition from China.

- **Silk Readymade Garments**

Silk garment exports are generally waning except slight increase in 2017-18 and 2018-19. The export has reduced from 245.91 Mn Sq. Mtrs in 2015-16 to 96.96 Mn Sq. Mtrs in 2020-21. In terms of value also, it has declined from 303.97 Mn US$ in 2014-15 to only

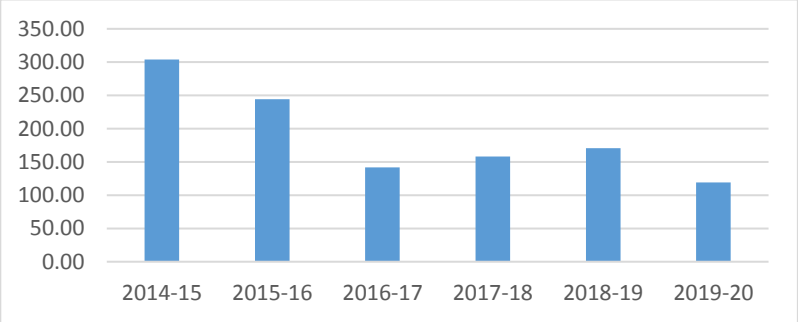
119.11 Mn US$ in 2019-20 i.e., almost 61%. Off course there is nominal increase in 2017-18 and 2018-19. But the impact is not significant. This being a luxury and elite segment, it was expected to grow with time. But the trend has reversed and this is a matter of concern. There is strong demand for this in the global market and the growth potential is very high and India needs to tap this segment.

Table 9.12-Export of Silk Readymade Garments

(Mn. US $)						
Commodity	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**2019-20**
Silk Readymade Garments	303.97	244.06	141.71	157.92	170.40	119.11

Source: www.Statista.com

Figure 9.1Export of Silk Readymade Garment (Mn US$)



- **Silk Waste**

  Silk waste is a by-product of reeling industry and is used in making floss silk, spun silk and noil silk. There is a demand for silk waste in international market. As can be seen from table 9.10, India's export of silk waste has been constantly increasing. It has gone up from 13.74 Mn Sq. Mtrs in 2015-16 to 20.34 Mn Sq. Mtrs in 2020-21 i.e., 48% in absolute terms. Since it is a by-product of a process, it cannot be said that India should generate more of this, but once the production of silk in general is increased, there will be more of silk waste and the export of the same will happen since there is a continuous growth observed.

- **Silk Carpet**

  Pure silk carpets are very expensive. So, the price works as a deterrent in its production. In order to bring the cost down, usually carpets are made in a combination of Silk with either cotton or wool. The export demand for Indian Silk carpets is very high. So, as can be observed from table no 9.10, the export has grown from a very small quantity of 2.58 Mn Sq. Mtrs in 2015-16 to 23.60 Mn Sq. Mtrs in 2020-21. The growth is exponential. It can be clearly concluded that more export can be made if the availability/production of Silk carpets are increased.

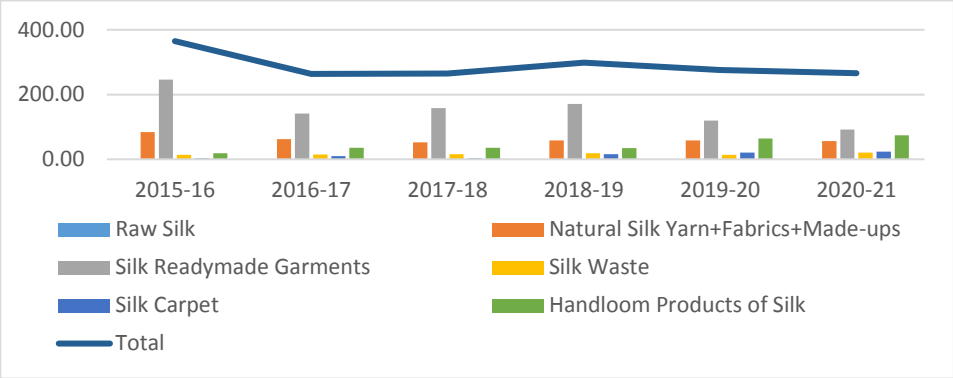
- **Handloom Products of Silk**

  Handloom products of Silk are in great demand, both in domestic and international market. It has gone up from 18.42 Mn Sq. Mtrs in 2015-16 to 73.78 Mn Sq. Mtrs in 2020-21. The market for this is quite elastic and has quite high potential.

Export Scenario of Silk from India

While individual items under the category of Silk have behaved differently over the years, the export of Silk in totality has come down. It has reduced from 364.89 Mn Sq.Mtrs in 2015-16 to 265.77 Mn Sq. Mtrs in 2020-21. As shown in the figure below:

Figure 9.2 Export of various categories of Silk



While there is strong production potential for Silk in India, the global market share is less than 10% only. India exports mostly to USA and European countries and the demand for Indian Silk in these countries are falling and this is a matter of great concern. The quality of silk produced in India is not of very high quality and is not very suitable for high fashion garments. In order to address this, India imports high quality Silk for blending with its domestic produce. But that makes the Silk products more expensive and hence less competitive. So suitable R&D is recommended for improvement of quality of domestic Silk production along with cost effective measures. Once the quality improves, global brands can be created which will also create a pull effect for Indian Silk in the global market. That is the only way larger market share in the global market can be achieved.

CHAPTER 10

Conclusion and Recommendation

The foregoing chapters bring out the fact that though India has a dominant presence in almost all segments of the Textile Value chain including cotton, silk, jute etc. with abundant supply of cheap labour and a large market etc. yet it is only the sixth largest exporter of clothing after China, EU, Vietnam, Bangladesh and Turkey. This can be attributed to the fact that Indian textile sector is faced with several challenges such as that of absence of scale with a highly fragmented industry structure, heavy dependence on cotton with near absence of synthetic apparels (which account for more than 70% trade in apparels) which limits our capacity to produce round the year, lack of duty free access to major importing markets like US, EU (unlike Bangladesh and Vietnam), lack of product specialization, quality related problems, low levels of R&D and technology and virtual absence of branding. The sector needs competitive manufacturing cost to withstand the competition from Bangladesh and Vietnam.

It is in this context that it is necessary to look at the underlying tax structure in Textiles. As has been shown in the report, the period post 1.7.2017 saw India transition to the GST with several changes made not only within the GST structure but also in BCD, antidumping duties and provision of tax refunds through schemes like ROSL, RoSCTL, RoDTEP etc. to make our textile exports competitive in a WTO compliant manner. The tax refunds need to continue to ensure our exports are zero rated and remain competitive. However, there were several issues which remained unresolved in the Textiles Tax Structure.

Inversion of tax has been used in textile sector in the past to tackle duty evasion and difficulties faced by the small manufacturers in record keeping as well as compliance issues in the downstream value chain of textiles. The significant step of this nature was taken in July 2004 when the Central Excise duty which was liveable on manufacture of a product was shifted to fibre stage while rest of the value chain was exempted till the final stage of fabrics. More recently when GST was introduced in 2017, the Government has taken conscious decision to allow inversion. Furthermore, there is a statutory provision under GST law to allow refund arising out of GST inversion but in the case of textiles this kind of refund was deliberately stopped which after a year or so was made allowable.

If refund for inversion is not granted it will at the most become cost to be loaded on the goods. But then it is against the general principle of value added tax system where input tax credit is available and usable for making payment of tax on the final product of a manufacturer or trader. In the textile sector, over a period there was growing agitation that this inversion in MMF sector should be done away now as refund also has a cost attached on account of delays and, therefore, affects competitive edge.

The Government of India on the basis of recommendations of 45th GST Council tried to end the inversion in MMF sector by introducing a common rate of 12% from 1.1.22 (this has been kept on hold) which was done to address the Inverted duty structure in the Manmade segment by taxing the entire value chain in MMF at 12% and also introduced fibre neutrality at the fabric and garment stage for all types of fibre with fabric and garments being taxed at 12% tax irrespective of the type of fibres (See para 5.3 of the Report). This was done to enable the switch to MMF production of fabric and garments aligning our product mix to global demand and also making its production more competitive.

However, the rate of cotton fabric was also raised from 5% to 12%. Even the garments where there was a dual rate of GST, i.e, 5% on garments of value below Rs.1,000 and 12% on garments of value above Rs.1,000, have been notified to be taxed at 12% irrespective of value. The hike of

GST on Cotton fabric and that on low value garments generated agitation in certain sections which led to putting the rates notified on 18th November 2021 on hold. These were supposed to be implemented with effect from 1.1.2022.

While inversion in MMF has been rectified it is for consideration to have a relook at the hike on cotton fabric and low cost garments where the GST has been increased by 2.5 times which is pretty steep and will definitely hit the demand for these garments. If the demand dips it over a period, would not only affect revenue but also employment.

One of the objectives of the current study was to examine if BCD /antidumping duties had an impact on imports. The regression analysis undertaken for textile imports shows that GST (domestic taxes) when taken along with BCD has an impact on imports. Thus taxes (both GST and Import duties) should continue to be used for aligning our product mix with domestic and global demand. However, while revisions in rate structure are necessary for aligning the product mix with demand, these should not be done too frequently as it could introduce uncertainty in the producing and trading environment, causing more harm than good.

Employment in Textiles and apparel (organized sector) as a percentage of total manufacturing employment varied in the range of 18% in the last 8 years. As per the ASI data too, the wearing apparel Industry generates the highest employment per Rs crore of Investment. Other segments of Textile Industry like spinning, weaving and finishing of Textiles are not as labour intensive as the wearing apparel segment. The availability of abundant manpower coupled with relatively lower costs of manufacturing because of the easy availability of fiber puts the Indian Textile Industry in a uniquely advantageous position for achieving a bigger share in production in the global market.

On an average 22 jobs can be created in the wearing apparel sector by investing Rs. 1 Crore. Similarly, 19 jobs can be created in the Knitted apparel sector by investing Rs. 1 Crore. Based on the employment to be created in a particular segment, appropriate investment can be made to create desired number of jobs since per unit cost of creating a job is amongst the lowest in this industry.

But the lack of formal training of manpower is a big requirement for quality improvement in the Wearing &Apparel segment and is a focus area for improvement in the Textile industry. The manpower should be converted into trained and certified workforce in order to improve the man-hour output and machine-hour output. This will in turn improve the capacity utilization in the sector and will aid improvement in quality and quantity of production.

As per the Annual Report of Ministry of Textiles (2019-20), direct employment in this sector is 45 million and indirect employment is 60 million. However, the data generated from PLFS survey captures only 77% of the direct employment and 33% of total employment figure. The Ministry of textiles may like to reconcile the data on employment as given in its Annual Report in the light of PLFS data. PLFS data captures both organized and Unorganized Sector and is quite comprehensive. However, it requires a detailed analysis to discern the emerging changes in the employment structure in the Textile Sector.

The growth of employment in manufacturing sector has been minimal at 2.43%. MMF sector showing the maximum growth of approximately 112%. Fur, Knitting and printing have shown very high degrowth i.e., ranging from 27 to 47. Garment sector has the maximum employment potential (59%).

Other initiatives taken by the Government, i.e., the Mega Integrated Textile Region and Apparel (MITRA) Parks and National Technical Textiles Mission are the much-needed game changers and will help enhance the scale and competitiveness of India's apparel manufacturing with global

quality and efficiency. It will attract large scale investment with cutting-edge technology and make India an integral part of the global supply chain.

Lastly, the need for improving our efforts in research and development, branding, as well as development in the field of Technical Textiles to emerge as global leader in Textiles can hardly be overemphasized.

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Annexure I

Anti-Dumping Duty Table

Year	HSN Code	Description of Goods	Counter of Origin	Exporter	ADD amount	Unit	Currency
2016	5002 00 10	Mulberry Raw Silk	People's Republic of China	any	1.85	kg	US dollar
			any	any	1.85	kg	
2015	5309	Flax or Linen Fabric having flax content of more than 50	People's Republic of China	any	0.75	Per mtr.	
			any country other than Hong Kong and country attracting anti-dumping	any	0.75	per mtr.	
			Hong Kong	any	0.63	Per mtr.	
			Any country other People's Republic of China and country attracting antidumping duty	any	0.63	Per mtr.	
2018	5306 10 and 5306 20	Flax Yarn of below 70 Lea count (or below 42 Nm)	China PR	Jiangsu Jinyuan Flax Co., Ltd/ Zhejiang Jinyuan Flax Co., Ltd	2.42	per kg	
			China PR	Yixing Sunshine Linen Textile Co. Ltd.	2.29	per kg	
			China PR	Huzhou Axiang Import and Export Trading Co., Ltd.	2.77	per kg	
			China PR	Zhejiang Golden Eagle Co. Ltd/ Zhejiang Golden Eagle Spun Silk Co. Ltd,	2.02	per kg	
			China PR	Hangzhou Sanglu Silk Co. Ltd.	2.71	per kg	
			China PR	Ningbo Win Way Trading Co. Ltd.	1.30	per kg	

			China PR	Changzhou Meiyuan Flax Textile Co., ltd.	2.06	per kg	
			China PR	Tung Ga Linen & Cotton (Changzhou) Co. , Ltd.	0.50	per kg	
			China PR	other than previous exporter	4.83	per kg	
2019	5310	Sacking cloth	Bangladesh	Janta Jute Mills Ltd	125.21	Per mtr.	
			Bangladesh	any	138.97	Per mtr.	
2017	5404 11 00	Elastomeric Filament Yarns	China PR	Hangzhou Sunrise Spandex Co. Ltd	2.74	kg	
			China PR	Yantai Tayho advanced materials Co. Ltd.	3.34	kg	
			China PR	Invista Singapore Pte Ltd., Singapore	0.48	kg	
			Any	Any	3.44	kg	
			South Korea	Hyosung Corperation	0.00	kg	
			South Korea	T. K. Chemicals Corp. Ltd.	0.15	kg	
			South Korea	Chon Woung Textile Ltd, Korea	0.79	kg	
			South Korea	Win win Chemicals Corp. Ltd.	0.69	kg	
			South Korea	Hanswills Cor. Ltd.	0.97	kg	
			South Korea	Fotrust Corp. Ltd.	0.86	kg	
			South Korea	So FNC International	0.82	kg	
			South Korea	Any	1.90	kg	
			Any	Any	1.90	kg	
			Taiwan	Any	2.40	kg	

			Any	Any	2.40	kg	
			Vietnam	Hyosung Dong Nai	0.36	kg	
			Vietnam	Any	2.16	kg	
			Any	Any	2.16	kg	
2018	5402 209	High Tenacity polyester yarn excluding yarns having denier below 1000 and above 6000, twisted yarns, coloured yarn, adhensive activated yarns with denim higher than 1000 and yarn with HTML properties	China PR	Hyonsung advance materials Cor. Ltd.	Nil	Mtr.	
			China PR	Zhejiang Guxiandao Polyster Dope Dyed Yarn Co. Ltd.	174.00	Mtr.	
			China PR	Jiangsu Hengli Chemical Fiber Co., Ltd.	234.00	Mtr.	
			China PR	Zhejiang Unifull Chemical Industrial Fiber Co., Ltd.	316.00	Mtr.	
			China PR	Oriental Industries Ltd.	Nil	Mtr.	
			China PR	Any	528.00	Mtr.	
			Any	Any	528.00	Mtr.	
2018	5402	Nylon Multi filament yarn	Vietnam	Liang Haw technology Co., Ltd.(LIHA). Bosca Enterprises Limited (BOSCA), Hong Kong	384.02	Mtr.	
			Vietnam	Hyosung NIL Filament, International Ltd .., Hong Kong 2. Ren Tong Industrial Ltd., Hong Kong	Nil	Mtr.	US Dollar
			Vietnam	any	719.44	Mtr.	

			any	any	719.44	Mtr.	
			Europian Union	any	128.06	Mtr.	
2016	5504 10 10 5504 10 90	Visocos staple Fiber excluding bamboo fibre	Indonesia	PT South Pacific Viscose	0.103	Kg.	
			any	any	0.512	Kg.	
			People's Republic of China	Tangshan Sanyou Group Hong- Kong international corp. Ltd.	0.18	Kg.	
			any other country other than attracting anti-dumping duty	any	0.194	Kg.	
2018	5608 11 10	Fishnet or fishing Net	China	Anhui Light industries international corp. Ltd.	1.51	Kg.	
			China	Any	2.19	Kg.	
			Bangladesh	Any	2.69	Kg.	
			any	any	2.69	Kg.	
2016	580 610	Narrow woven Fabrics Hook and loop Velcro Tapes	China	Any	1.87	Kg.	
			Any	Any	1.87	Kg.	

Annexure II

Duty Draw Back Table

Chapter	Description	Range of Duty Drawback (In Percent)					
		With Cen vat facility availed					
		2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
50	Silk	0.15-7.7	0.15 - 7	0.15 -6.9	0.15- 6.9	0.15-10.1	3.5 - 9.1
51	Wool, fine or coarse animal hair, horsehair yarn and woven fabrics	0.15- 4	0.15 - 4.1	0.15 - 4	0.15 - 4	0.15 - 5.7	0.15 - 3.5
52	Cotton	0.15-1.9	0.15 - 2	0.15 - 1.7	0.15 - 2	0.15 - 2.6	0.5 - 2.8
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	0.15-1.9	0.15 -1.9	0.15- 1.5	0.15 - 1.5	0.15 - 1.5	0.15- 1.5
54	Man-made filaments	1.6 -2.8	1.9 -2.4	1.5 - 2.4	1.5- 2.4	1.5 - 6.7	1.5 - 6.4
55	Man-made staple fibres	1.9 -2.4	1.9	1.5 - 3.3	1.5- 3.3	1.5 - 4.8	1.5 - 3.2
56	Wadding, felt and non-woven; special yarns; twine, cordage, ropes and cables and articles thereof	1.9 - 4	1.2 -4.1	1.2- 4	1.2 - 4	1.2 - 5.7	1.2 - 3.5
57	Carpets and other textile floor coverings	1.8 -9.9	1.9 -8.9	1.5 - 9	1.5 - 9	1.5 - 14.9	1.5 - 10.2
58	Special woven fabrics; tufted textile fabrics; lace tapestries; trimmings; embroidery	1.4- 7.7	1.4 - 7	1.3 - 6.9	1.3- 6.9	1.3 - 8.2	1.3 - 8.6
59	Impregnated, coated, covered or laminated textile fabrics textile articles of a kind suitable for industrial use	1.4-2.8	1.6 -1.9	1.3 - 1.8	1.3- 1.8	1.5 - 2.2	1.5 - 2.1
60	Knitted or crocheted fabrics	1.3- 2.8	1.4 - 3.5	1.3 - 3.2	1.3- 3.2	1.5 - 5	1.5 - 3
61	Articles of apparel and clothing	1.7 - 4	2 - 3.5	1.8- 4.8	1.8- 4.8	1.8 - 5.2	1.8 - 4.1

	accessories, knitted or crocheted						
62	Articles of apparel and clothing accessories, not knitted or crocheted	1.7 - 4	2 - 3.5	1.8- 4.8	1.8- 4.8	1.8 - 5.2	1.8 - 4.1
63	Other made up textiles articles; sets worn clothing and worn textile articles; rags	1.6 - 4	1.9 - 3.5	1.5 -3.5	1.5- 3.5	1.5- 3.5	1.5- 3.5

Annexure III

GST Table

Chapter	Description	Description of Goods	GST / IGST Rate
50	Silk	Raw Silk	0%
		Silk Yarn	5%
		Silk Fabric	5%
51	Wool, fine or coarse animal hair, horsehair yarn and woven fabrics	Raw Wool	5%
		Woollen Yarn	5%
		Woollen Fabric	5%
52	Cotton	Cotton	5%
		Cotton Yarn	5%
		Cotton Fabrics	5%
53	Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	Other Vegetable fibres	5%
		Other Vegetables yarns	5%
		Other Vegetables fabrics	5%
54	Man-made filaments / staple fibres	Manmade Filament ,fibre	18%
55		Manmade Filament yarn	12%
		Manmade fabrics	5%
56	Wadding, felt and non-woven; special yarns; twine, cordage, ropes and cables and articles thereof	Embroidery or Zari articles	5%
57	Carpets and other textile floor coverings		
58	Special woven fabrics; tufted textile fabrics; lace tapestries; trimmings; embroidery		
59	Impregnated, coated, covered or laminated textile fabrics textile articles of a kind suitable for industrial use		
60	Knitted or crocheted fabrics		
61	Articles of apparel and clothing accessories, knitted or crocheted	Readymade garment and made articles of textile	5% GST if the taxable value of the goods does not exceed Rs. 1000 per piece 12% GST if the taxable value of the goods exceed Rs. 1000 per piece
62	Articles of apparel and clothing accessories, not knitted or crocheted		
63	Other made up textiles articles; sets worn clothing and worn textile articles; rags		

Annexure III.I

Rate Changes for Textile and Textile Products with Effect from 1st Jan 2022

HSN	Description	Old Rate	New Rate
5004 to 5006	Silk yarn	5%	5%
5007	Woven fabrics of silk or of silk waste	5%	12%
5101	Wool, not carded or combed	Nil	Nil
5102	Fine or coarse animal hair, not carded or combed	Nil	Nil
5103	Waste of wool or of fine or coarse animal hair	Nil	Nil
5104	Garneted stock of wool or of fine or coarse animal hair, shoddy wool	5%	5%
5105	Wool and fine or coarse animal hair, carded or combed	5%	5%
5106 to 5110	Yarn of wool or of animal hair	5%	5%
5111	Woven fabrics of carded wool or of carded fine animal hair.	5%	12%
5112	Woven fabrics of combed wool or of combed fine animal hair.	5%	12%
5113	Woven fabrics of coarse animal hair or of horse hair.	5%	12%
5201 to 5203	Cotton and Cotton waste	5%	5%
5204	Cotton sewing thread, whether or not put up for retail sale	5%	5%
5205 to 5207	Cotton yarn [other than khadi yarn]	5%	5%
5208	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200g/m2.	5%	12%
5209	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200g/m2	5%	12%
5210	Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibres, weighing not more than 200g/m2.	5%	12%
5211	Woven fabrics of cotton, containing less than 85% by weight of cotton, mixed mainly or solely with man-made fibres, weighing more than 200g/m2.	5%	12%
5212	Other woven fabrics of cotton	5%	12%
52	Gandhi Topi	Nil	Nil
52	Khadi yarn	Nil	Nil
5301	All goods i.e. flax, raw or processed but not spun; flax tow and waste (including yarn waste and garneted stock)	5%	5%
5302	True hemp (Cannabis sativa L), raw or processed but not spun; tow and waste of true hemp (including yarn waste and garneted stock)	5%	5%
5303	Jute fibres, raw or processed but not spun	Nil	Nil
5303	All goods i.e. textile bast fibres [other than jute fibres, raw or processed but not spun]; tow and waste of these fibres (including yarn waste and garneted stock)	5%	5%

HSN	Description	Old Rate	New Rate
5305	Coconut, coir fibre	Nil	Nil
5305 to 5308	All goods [other than coconut coir fibre] including yarn of flax, jute, other textile bast fibres, other vegetable textile fibres; paper yarn, including coir pith compost put up in unit container and bearing a brand name	5%	5%
5309	Woven fabrics of flax.	5%	12%
5310	Woven fabrics of jute or of other textile bast fibres of heading 5303.	5%	12%
5311	Woven fabrics of other vegetable textile fibres; woven fabrics of paper yarn	5%	12%
53	Coir pith compost other than those put up in unit container and, - (a) bearing a registered brand name; or (b) bearing a brand name on which an actionable claim or enforceable right in a court of law is available [other than those where any actionable claim or enforceable right in respect of such brand name has been foregone voluntarily, subject to the conditions as in the ANNEXURE I]	Nil	Nil
5401	Sewing thread of manmade filaments, whether or not put up for retail sale	12%	12%
5402	Synthetic filament yarn (other than sewing thread), not put up for retail sale, including synthetic monofilament of less than 67 decitex.	12% / 18%	12%
5403	Artificial filament yarn (other than sewing thread), not put up for retail sale, including artificial monofilament of less than 67 decitex.	12% / 18%	12%
5404	Synthetic monofilament of 67 decitex or more and of which no cross-sectional dimension exceeds 1 mm; strip and the like(for example, artificial straw) of synthetic textile materials of an apparent width not exceeding 5 mm.	12% / 18%	12%
5405	Artificial monofilament of 67 decitex or more and of which no cross-sectional dimension exceeds 1 mm; strip and the like (for example, artificial straw) of artificial textile materials of an apparent width not exceeding 5 mm.	12% / 18%	12%
5406	Man-made filament yarn (other than sewing thread), put up for retail sale.	12% / 18%	12%
5407	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 5404.	5%	12%
5408	Woven fabrics of artificial filament yarn, including woven fabrics obtained from materials of heading 5405	5%	12%
5501	Synthetic filament tow.	18%	12%
5502	Artificial filament tow	18%	12%

HSN	Description	Old Rate	New Rate
5503	Synthetic staple fibres, not carded, combed or otherwise processed for spinning.	18%	12%
5504	Artificial staple fibres, not carded, combed or otherwise processed for spinning	18%	12%
5505	Waste (including noils, yarn waste and garneted stock) of man-made fibres	18%	12%
5506	Synthetic staple fibres, carded, combed or otherwise processed for spinning.	18%	12%
5507	Artificial staple fibres, carded, combed or otherwiseprocessed for spinning	18%	12%
5508	Sewing thread of man-made staple fibres, whether or not put up for retail sale	12%	12%
5509	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale	12%	12%
5510	Yarn (other than sewing thread) of artificial staple fibres, not put up for retail sale	12%	12%
5511	Yarn (other than sewing thread) of man-made staple fibres, put up for retail sale	12%	12%
5512	Woven fabrics of synthetic staple fibres, containing 85% or more by weight of synthetic staple fibres.	5%	12%
5513	Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight not exceeding 170 g/m2.	5%	12%
5514	Woven fabrics of synthetic staple fibres, containing less than 85% by weight of such fibres, mixed mainly or solely with cotton, of a weight exceeding 170 g/m2	5%	12%
5515	Other woven fabrics of synthetic staple fibres	5%	12%
5516	Woven fabrics of artificial staple fibres	5%	12%
50 to 55	Khadi fabric, sold through Khadi and Village Industries	Nil	Nil
56012200	Cigarette Filter rods	18%	18%
5601	Wadding of textile materials and articles thereof; such as Absorbent cotton wool [except cigarette filter rods]	12%	12%
5602	Felt, whether or not impregnated, coated, covered or laminated	12%	12%
5603	Nonwovens, whether or not impregnated, coated, covered or laminated	12%	12%
5604	Rubber thread and cord, textile covered; textile yarn, and strip and the like of heading 5404 or 5405, impregnated, coated, covered or sheathed with rubber or plastics	12%	12%
5605	Metallised yarn, whether or not gimped, being textile yarn, or strip or the like of heading 5404 or 5405, combined with metal in the form of thread, strip or powder or covered with metal	12%	12%

HSN	Description	Old Rate	New Rate
5605 00 10	Real zari thread (gold) and silver thread, combined with textile thread	5%	5%
5606	Gimped yarn, and strip and the like of heading 5404 or 5405, gimped (other than those of heading 5605 and gimped horsehair yarn); chenille yarn (including flock chenille yarn); loop wale-yarn	12%	12%
5607	Jute twine, coir cordage or ropes	5%	12%
5607	Twine, cordage, ropes and cables, whether or not plaited or braided and whether or not impregnated, coated, covered or sheathed with rubber or plastics [other than jute twine, coir cordage or ropes]	12%	12%
5608	Knotted netting of twine, cordage or rope; made up fishing nets and other made up nets, of textile materials	5%	12%
5609	Products of coir	5%	5%
5609	Articles of yarn, strip or the like of heading 5404 or 5405, twine, cordage, rope or cables, not elsewhere specified or included [other than products of coir]	12%	12%
5701	Carpets and other textile floor coverings, knotted, whether or not made up	12%	12%
5702	Carpets and other textile floor coverings, woven, not tufted or flocked, whether or not made up, including "Kelem", "Schumacks", "Karamanie" and similar hand-woven rugs	12%	12%
5703	Carpets and other textile floor coverings, tufted, whether or not made up	12%	12%
5704	Carpets and other textile floor coverings, of felt, not tufted or flocked, whether or not made up	12%	12%
5705	Other carpets and other textile floor coverings, whether or not made up; such as Mats and mattings including Bath Mats, where cotton predominates by weight, of Handloom, Cotton Rugs of handloom [except the items covered in 219 in Schedule I]	12%	12%
5702, 5703, 5705	Coir mats, matting, floor covering and handloom durries	5%	5%
5801	Woven pile fabrics and chenille fabrics, other than fabrics of heading 5802 or 5806	5%	12%
5802	Terry towelling and similar woven terry fabrics, other than narrow fabrics of heading 5806; tufted textile fabrics, other than products of heading 5703	12%	12%
5803	Gauze, other than narrow fabrics of heading 5806	12%	12%
5804	Tulles and other net fabrics, not including woven, knitted or crocheted fabrics; lace in the piece, in strips or in motifs, other than fabrics of headings 6002 to 6006	12%	12%

HSN	Description	Old Rate	New Rate
5805	Hand-woven tapestries of the type Gobelins, Flanders, Aubusson, Beauvais and the like, and needle-worked tapestries (for example, petit point, cross stitch), whether or not made up	12%	12%
5806	Narrow woven fabrics, other than goods of heading 5807; narrow fabrics consisting of warp without weft assembled by means of an adhesive (bolducs)	5%	12%
5807	Labels, badges and similar articles of textile materials, in the piece, in strips or cut to shape or size, not embroidered	12%	12%
5808	Saree fall	5%	12%
5808	Braids in the piece; ornamental trimmings in the piece, without embroidery, other than knitted or crocheted; tassels, pompons and similar articles (other than saree fall)	12%	12%
5809	Woven fabrics of metal thread and woven fabrics of metallised yarn of heading 5605, of a kind used in apparel, as furnishing fabrics or for similar purposes, not elsewhere specified or included; such as Zari borders [other than Embroidery or zari articles, that is to say,- imi, zari, kasab, saima, dabka, chumki, gota sitara, naqsi, kora, glass beads, badla, glzal]	12%	12%
5809, 5810	Embroidery or zari articles, that is to say,- imi, zari, kasab, salma, dabka, chumki, gota, sitara, naqsi, kora, glass beads, badla, gizai	5%	12%
5810	Embroidery in the piece, in strips or in motifs, Embroidered badges, motifs and the like [other than Embroidery or zari articles, that is to say,- imi, zari, kasab, saima, dabka, chumki, gota sitara, naqsi, kora, glass beads, badla, glzal]	12%	12%
5811	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by stitching or otherwise, other than embroidery of heading 5810	12%	12%
5901	Textile fabrics coated with gum or amylaceous substances, of a kind used for the outer covers of books or the like; tracing cloth; prepared painting canvas; buckram and similar stiffened textile fabrics of a kind used for hat foundations	12%	12%
5902	Tyre cord fabric of high tenacity yarn of nylon or other polyamides, polyesters or viscose rayon	12%	12%
5903	Textile fabrics impregnated, coated, covered or laminated with plastics, other than those of heading 5902	12%	12%
5904	Linoleum, whether or not cut to shape; floor coverings consisting of a coating or covering applied on a textile backing, whether or not cut to shape	12%	12%
5905	Textile wall coverings	12%	12%
5906	Rubberized textile fabrics, other than those of heading 5902	12%	12%

HSN	Description	Old Rate	New Rate
5907	Textile fabrics otherwise impregnated, coated or covered; painted canvas being theatrical scenery, studio back-cloths or the like	12%	12%
5908	Textile wicks, woven, plaited or knitted , for lamps, stoves, lighters, candles or the like; incandescent gas mantles and tubular knitted gas mantle fabric therefor, whether or not impregnated	12%	12%
5909	Textile hose piping and similar textile tubing, with or without lining, armour or accessories of other materials	12%	12%
5910	Transmission or conveyor belts or belting, of textile material, whether or not impregnated, coated, covered or laminated with plastics, or reinforced with metal or other material	12%	12%
5911	Textile products and articles, for technical uses, specified in Note 7 to this Chapter; such as Textile fabrics, felt and felt-lined woven fabrics, coated, covered or laminated with rubber, leather or other material, of a kind used for card clothing, and similar fabrics of a kind used for other technical purposes, including narrow fabrics made of velvet impregnated with rubber, for covering weaving spindles (weaving beams); Bolting cloth, whether or Not made up; Felt for cotton textile industries, woven; Woven textiles felt, whether or not impregnated or coated, of a kind commonly used in other machines, Cotton fabrics and articles used in machinery and plant, Jute fabrics and articles used in machinery or plant, Textile fabrics of metalized yarn of a kind commonly used in paper making or other machinery, Straining cloth of a kind used in oil presses or the like, including that of human hair, Paper maker's felt, woven, Gaskets, washers, polishing discs and other machinery parts of textile articles	12%	12%
6001	Pile fabrics, including ―long pile‖ fabrics and terry fabrics, knitted or crocheted	5%	12%
6002	Knitted or crocheted fabrics of a width not exceeding 30 cm, containing by weight 5% or more of elastomeric yarn or rubber thread, other than those of heading 6001	5%	12%
6003	Knitted or crocheted fabrics of a width not exceeding 30 cm, other than those of heading 6001 or 6002	5%	12%
6004	Knitted or crocheted fabrics of a width exceeding 30 cm, containing by weight 5% or more of elastomeric yarn or rubber thread, other than those of heading 6001	5%	12%
6005	Warp knit fabrics (including those made on galloon knitting machines), other than those of headings 6001 to 6004.	5%	12%
6006	Other knitted or crocheted fabrics	5%	12%

HSN	Description	Old Rate	New Rate
61	Articles of apparel and clothing accessories, knitted or crocheted, of sale value not exceeding Rs. 1000 per piece	5%	12%
61	Articles of apparel and clothing accessories, knitted or crocheted, of sale value exceeding Rs. 1000 per piece	12%	12%
62	Articles of apparel and clothing accessories, not knitted or crocheted, of sale value not exceeding Rs. 1000 per piece	5%	12%
62	Articles of apparel and clothing accessories, not knitted or crocheted, of sale value exceeding Rs. 1000 per piece	12%	12%
6301	Blankets and travelling rugs exceeding Rs. 1000 per piece	12%	12%
6301	Blankets and travelling rugs not exceeding Rs. 1000 per piece	5%	12%
6302	Bed linen, table linen, toilet linen and kitchen linen exceeding Rs. 1000 per piece	12%	12%
6302	Bed linen, table linen, toilet linen and kitchen linen not exceeding Rs. 1000 per piece	5%	12%
6303	Curtains (including drapes) and interior blinds; curtain or bed valances exceeding Rs. 1000 per piece	12%	12%
6303	Curtains (including drapes) and interior blinds; curtain or bed valances not exceeding Rs. 1000 per piece	5%	12%
6304	Other furnishing articles, excluding those of heading 9404 exceeding Rs. 1000 per piece	12%	12%
6304	Other furnishing articles, excluding those of heading 9404 not exceeding Rs. 1000 per piece	5%	12%
6305	Sacks and bags, of a kind used for the packing of goods exceeding Rs. 1000 per piece	12%	12%
6305	Sacks and bags, of a kind used for the packing of goods not exceeding Rs. 1000 per piece	5%	12%
6306	Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft; camping goods exceeding Rs. 1000 per piece	12%	12%
6306	Tarpaulins, awnings and sunblinds; tents; sails for boats, sailboards or landcraft; camping goods not exceeding Rs. 1000 per piece	5%	12%
6307	Other made up articles, including dress patterns exceeding Rs. 1000 per piece	12%	12%
6307	Other made up articles, including dress patterns not exceeding Rs. 1000 per piece	5%	12%
6308	Sets, consisting of woven fabric and yarn, whether or not with accessories, for making up into rugs, tapestries, embroidered table cloths or serviettes, or similar textile articles, put up in packings for retail sale exceeding Rs. 1000 per piece	12%	12%

HSN	Description	Old Rate	New Rate
6308	Sets, consisting of woven fabric and yarn, whether or not withaccessories, for making up into rugs, tapestries, embroidered table cloths or serviettes, or similar textile articles, put up in packings for retail sale not exceeding Rs. 1000 per piece.	**5%**	12%
6309	Worn clothing and other worn articles; rags.	5%	12%
6310	Used or new rags, scrap, twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables, of textile materials exceeding Rs. 1000 per piece.	12%	12%
6310	Used or new rags, scrap, twine, cordage, rope and cables and worn out articles of twine, cordage, rope or cables, of textile materials not exceeding Rs. 1000 per piece.	5%	12%

(Notification no. 14/CT (rate) dated 18th November 2021)

(Notification no. 14/IT (rate) dated 18th November 2021)

RATE CHANGES ON PROCESSING OR JOB WORK ON TEXTILE PRODUCTS W.E.F 1ST JAN 2022

HSN	Description	Old Rate	New Rate
9988	Job Work by way of Dyeing and Printing of Textile and TextileProducts for registered principal	5%	12%
9988	Tailoring Services	5%	5%
9988	All other processes by way of Job work of Textile and TextileProducts for registered principal	5%	5%
9988	Other processing for unregistered principal	18%	18%

(Notification no. 15/CT (rate) dated 18th November 2021)

(Notification no. 15/IT (rate) dated 18th November 2021)

Annexure IV

Custom Duty Rate Changes

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
1.	**Fibre**	5001	Silk-worm cocoons suitable for reeling.	-	No change	2016 – 17	0.05	0	5%
						2017 – 18	0.01	0	
						2018 – 19	0	0	
						2019 – 20	0	0	
						2020 – 21	0	0	
2.		5002	Raw Silk (not thrown)	Notification No. 15/2021-Customs, dated 1st February, 2021	From 10 % to 15 %	2016 – 17	0.07	162.88	5%
						2017 – 18	0	188.99	
						2018 – 19	0.19	148.38	
						2019 – 20	0.16	162.38	
						2020 – 21	0.2	77.25	
3.		5003	Silk waste (including cocoons unsuitable for reeling, yarn waste and garneted stock).	Notification No. 15/2021-Customs, dated 1st February, 2021	From 10 % to 15 %	2016 – 17	14.58	2.24	5%
						2017 – 18	15.69	1.86	
						2018 – 19	18.57	5.22	
						2019 – 20	13.87	2.55	
						2020 – 21	20.35	0.39	
4.		5101	Wool not carded or combed	Customs 25/2019-Cus. dated 6.7.2019	From 5 % to 2.5 %	2016 – 17	0.22	282.42	5%
						2017 – 18	0.77	292.4	
						2018 – 19	1.14	310.3	
						2019 – 20	0.09	225.31	
						2020 – 21	0.09	134.13	
5.		5102	Fine or coarse animal hair, neither carded nor combed (excluding wool, hair and bristles used in the manufacture of brooms and brushes, and horsehair from the mane or tail)	-	No change	2016 – 17	0.2	4.98	5%
						2017 – 18	0.39	4.46	
						2018 – 19	0.45	6.36	
						2019 – 20	0.43	5.06	
						2020 – 21	0.22	2.99	
6.		5103	Waste of wool or of fine or coarse animal hair, including yarn waste but excluding garnetted stock	-	No change	2016 – 17	12.45	0.58	5%
						2017 – 18	11.68	0.79	
						2018 – 19	13.59	5.23	
						2019 – 20	7.22	1.56	
						2020 – 21	2.56	0.02	
7.		5104	Garnetted stock of wool or of fine or coarse animal hair, neither carded nor combed.	-	No change	2016 – 17	0.05	0	5%
						2017 – 18	0.1	0.01	
						2018 – 19	0.32	0	
						2019 – 20	0.06	0	
						2020 – 21	0.17	0	
8.		5105	Wool and fine or coarse animal hair, carded or combed, incl. combed wool in fragments	Notif. No. 25/2019-Cus. dated 6.7.2019	From 5 % to 2.5 %	2016 – 17	7.27	35.38	5%
						2017 – 18	5.29	26.12	
						2018 – 19	18.74	29.23	
						2019 – 20	15.89	17.81	
						2020 – 21	8.06	7.24	
9.		5201	Cotton, not carded or combed	Notif. No. 2/2021-Cus. dated 1.2.2021	From Nil to 5%	2016 – 17	1536.58	939.85	5%
						2017 – 18	1760.29	971.48	
						2018 – 19	2002.58	621.97	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
						2019 – 20	1001.35	1300.99	
						2020 – 21	1779.59	362.46	
10.		5202	Cotton Waste (Including Yarn Waste And Garnetted Stock)	Notif. No. 2/2021-Cus. dated 1.2.2021	From Nil to 10%	2016 – 17	1536.58	939.85	5%
						2017 – 18	1760.29	971.48	
						2018 – 19	2002.58	621.97	
						2019 – 20	1001.35	1300.99	
						2020 – 21	1779.59	362.46	
11.		5203	Cotton, carded or combed	-	No change	2016 – 17	0.72	529.85	5%
						2017 – 18	3.06	450.69	
						2018 – 19	4.24	520.05	
						2019 – 20	7.72	329.16	
						2020 – 21	22.64	513.69	
12.		5305	Coconut, abaca ramie and other vegetable textile fibres, not elsewhere specified or included, raw or processed but not spun; tow, noils and waste of these fibres	-	No change	2016 – 17	218.61	4906.07	5%
						2017 – 18	261.68	4272.47	
						2018 – 19	271.53	3920.55	
						2019 – 20	272.28	4302.14	
						2020 – 21	355.5	4731.19	
13.		5501	Synthetic filament tow	Notif. No. 2/2021-Cus. dated 1.2.2021	5%	2016 – 17	19.66	27.82	18%
						2017 – 18	7.67	33.94	
						2018 – 19	19.85	43.97	
						2019 – 20	12.3	51.98	
						2020 – 21	6.5	36.77	
14.		5502	Artificial filament tow	Notif. No. 2/2021-Cus. dated 1.2.2021	5%	2016 – 17	0.06	43.58	18%
						2017 – 18	0.01	36.39	
						2018 – 19	0.02	38.09	
	Fibre					2019 – 20	0	39	
						2020 – 21	0	36.2	
15.		5503	Synthetic staple fibres, not carded, combed or otherwise processed for spinning	Notif. No. 2/2021-Cus. dated 1.2.2021	5%	2016 – 17	261.54	163.84	18%
						2017 – 18	306.61	176.65	
						2018 – 19	374.82	216.95	
						2019 – 20	339.07	232.37	
						2020 – 21	250.69	157.96	
16.		5504	Artificial staple fibres, not carded, combed or otherwise processed for spinning.	Notif. No. 2/2021-Cus. dated 1.2.2021	5%	2016 – 17	309.26	108.12	18%
						2017 – 18	269.97	93.86	
						2018 – 19	172.34	137.9	
						2019 – 20	148.21	154.51	
						2020 – 21	114.13	121.88	
17.		5505	Waste (including noils, yarn waste and garnetted stock) of man-made fibres	Notif. No. 2/2021-Cus. dated 1.2.2021	5%	2016 – 17	2.7	19.03	18%
						2017 – 18	1.5	24.08	
						2018 – 19	2.27	25.59	
						2019 – 20	2.17	8.7	
						2020 – 21	0.9	4.7	
18.		5506	Synthetic staple fibres, carded combed or otherwise processed for spinning	Notif. No. 2/2021-Cus. dated 1.2.2021	5%	2016 – 17	0.99	2.8	18%
						2017 – 18	1.03	3.65	
						2018 – 19	1.43	4.36	
						2019 – 20	1.29	4.3	
						2020 – 21	1.1	3.04	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
19.		5507	Artificial staple fibres, carded, combed or otherwise processed for spinning	Notif. No. 2/2021-Cus. dated 1.2.2021	5%	2016 – 17	0.03	0.74	18%
						2017 – 18	0.02	0.35	
						2018 – 19	0.08	0.51	
						2019 – 20	0	0.6	
						2020 – 21	0.02	0.29	
20.		5004	Silk yarn (other than yarn spun from silk waste) not put up for retail sale	notification No. 15/2021-Customs, dated 1st February, 2021		2016 – 17	0.46	8.16	5%
						2017 – 18	0.21	12.75	
						2018 – 19	0.51	12	
						2019 – 20	0.18	9.01	
						2020 – 21	0.53	5.86	
21.		5005	Yarn spun from silk waste, not put up for retail sale	notification No. 15/2021-Customs, dated 1st February, 2021		2016 – 17	1.01	2.13	5%
						2017 – 18	1.24	3	
						2018 – 19	1.97	3.26	
						2019 – 20	1.44	4.13	
						2020 – 21	2.49	2.37	
22.		5106	Yarn of carded wool, not put up for retail sale	_	No change	2016 – 17	6.51	1.11	5%
						2017 – 18	5.69	1.22	
						2018 – 19	4.83	1.18	
						2019 – 20	5.22	0.46	
						2020 – 21	3.55	1.13	
23.		5107	Yarn of combed wool, not put up for retail sale	_	No change	2016 – 17	78.24	1.49	5%
						2017 – 18	88.43	1.34	
						2018 – 19	117.49	2.93	
						2019 – 20	98.12	4	
						2020 – 21	56.22	3.46	
24.	**YARN ITEMS**	5108	Yarn of fine animal hair (carded or combed), not put up for retail sale	_	No change	2016 – 17	0.05	0.4	5%
						2017 – 18	0.09	0.34	
						2018 – 19	0.07	0.32	
						2019 – 20	0.06	0.25	
						2020 – 21	0.07	0.1	
25.		5109	Yarn of wool or fine animal hair, put up for retail sale	_	No change	2016-17	0.5	0.2	5%
						2017-18	0.38	0.06	
						2018-19	0.33	0.22	
						2019-20	1.4	0.61	
						2020-21	5.09	0.77	
26.		5110	HS Codes of Yarn of coarse animal hair or of horse-hair (including gimped horsehair yarn), whether or not put up for retail sale.	_	No change	2016-17	0.01	0.15	5%
						2017-18	0.02	0.07	
						2018-19	0	0.02	
						2019-20	0	0	
						2020-21	0.01	0	
27.		5204	Cotton sewing thread, whether or not put up for retail sale	_	No change	2016-17	15.4	0.21	5%
						2017-18	18.07	0.52	
						2018-19	14.93	0.4	
						2019-20	13.88	0.71	
						2020-21	16.01	0.65	
28.	**Yarn items**	5205	Cotton yarn other than sewing thread, containing = 85% cotton	_	No change	2016-17	3285.53	50.85	5%
						2017-18	3367.22	24.83	
						2018-19	3805.84	15.52	
						2019-20	2699.97	12.49	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			by weight (excluding that put up for retail sale)			2020-21	2708.61	12.27	
29.		5206	Cotton yarn containing predominantly, but 85% cotton by weight (excluding sewing thread and yarn put up for retail sale)	_	No change	2016-17	50.53	1.34	5%
						2017-18	56.58	6.99	
						2018-19	88.05	5.37	
						2019-20	59.35	5.45	
						2020-21	80.39	3.6	
30.		5207	Cotton yarn (other than sewing thread) put up for retail sale	_	No change	2016-17	1.43	0.06	5%
						2017-18	1.12	0.05	
						2018-19	1.62	0.16	
						2019-20	1.19	0.29	
						2020-21		0.45	
31.		5306	Flex yarn	_	No change	2016-17	2.26	70.91	5%
						2017-18	1.76	104.5	
						2018-19	2.54	77.49	
						2019-20	6.89	45.52	
						2020-21	3.04	27.78	
32.		5307	Yarn of jute or of other textile bast fibres of heading 5303	_	No change	2016-17	10.65	74.95	5%
						2017-18	20.2	48.26	
						2018-19	15.58	41.82	
						2019-20	16.57	57.09	
						2020-21	17.88	45.58	
33.		5308	Yarn of other vegetable textile fibres; paper yarn	_	No change	2016-17	5.44	1.71	5%
						2017-18	4.96	2.22	
						2018-19	5.43	1.72	
						2019-20	5.9	2.46	
						2020-21	5.72	5.68	
34.		5309	Woven fabrics of flax	_	No change	2016-17	45.55	19.92	5%
						2017-18	46.95	22.92	
						2018-19	47.25	29.29	
						2019-20	46.91	38.58	
						2020-21	33.01	23.09	
35.		5401	Sewing thread of man-made filaments, whether or not put up for retail sale	_	No change	2016-17	10.83	10.67	12%
						2017-18	11.09	12.92	
						2018-19	12.58	11.57	
						2019-20	11.13	11.42	
						2020-21	9.3	8.27	
36.		5402	High tenacity yarn of nylon or other polyamides, whether or not textured	notification No. 02/2021-Customs dated 1st February, 2021	From 7.5 % to 5 %	2016-17	1036.57	396.59	12%
						2017-18	1156.94	442.29	
						2018-19	1236.72	488.97	
						2019-20	1107.24	478.95	
						2020-21	783.26	478.36	
37.		5403	artificial monofilament of 67 decitex (excluding sewing thread and yarn put up for retail sale)	notification No. 02/2021-Customs dated 1st February, 2021	From 7.5 % to 5 %	2016-17	49.6	108.83	12%
						2017-18	53.12	136.3	
						2018-19	49.03	166.33	
						2019-20	36.26	217.61	
						2020-21	25.03	179.43	
38.		5404	HSN Code 5404: Synthetic monofilament			2016-17	8.88	35.64	12%
						2017-18	9.35	46.17	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			of = 67 decitex and with a cross sectional dimension of = 1 mm; strip and the like, e.g. artificial straw, of synthetic textile material, with an apparent width of = 5 mm.	Notif. No. 53/2018-Cus dated 16.7.2018	From 7.5 % to 5 %	2018-19	7.65	50.73	
						2019-20	7.65	42.98	
						2020-21	9.12	40.99	
39.		5405	Artificial monofilament of = 67 decitex and with a cross sectional dimension of = 1 mm; strip and the like, e.g. artificial straw, of synthetic textile material, with an apparent width of = 5 mm.	Notif. No. 53/2018-Cus dated 16.7.2018	From 7.5 % to 5 %	2016-17	0	0.38	12%
						2017-18	0.02	0.3	
						2018-19	0	0.23	
						2019-20	0.01	0.56	
						2020-21	0.03	0.31	
40.		5406	Man-made filament yarn (other than sewing thread), put up for retail sale	notification No. 02/2021-Customs dated 1st February, 2021	From 7.5 % to 5 %	2016-17	0.32	319.57	12%
						2017-18	0.46	398.92	
						2018-19	0.11	254.82	
						2019-20	0.09	121.49	
						2020-21	0.33	243.32	
41.		5508	Sewing thread of man-made staple fibres, whether or not put up for retail sale	_	No change	2016-17	4.74	1.6	12%
						2017-18	6.58	1.47	
						2018-19	7.49	2.1	
						2019-20	6.55	2.17	
						2020-21	7	1.48	
42.		5509	Yarn of synthetic staple fibres (excluding sewing thread and yarn put up for retail sale)	_	No change	2016-17	523.42	109.44	12%
						2017-18	579.62	191.03	
						2018-19	582.17	182.81	
						2019-20	460.7	186.64	
						2020-21	380.55	180.43	
43.		5510	Yarn of artificial staple fibres (excluding sewing thread and yarn put up for retail sale)	_	No change	2016-17	130.11	5.78	12%
						2017-18	102.34	34.04	
						2018-19	105.24	63.51	
						2019-20	107.37	129.38	
						2020-21	86.84	197.61	
44.		5511	Yarn of man-made staple fibres, put up for retail sale (excluding sewing thread)	_	No change	2016-17	14.59	0.03	12%
						2017-18	16.92	0.19	
						2018-19	14.78	0.12	
						2019-20	16.05	0.11	
						2020-21	32.02	0.16	
45.		5604	Textile-covered rubber thread and cord; textile yarn, strip and the like of heading 5404 and 5405, impregnated, coated,	_	No change	2016-17	0.58	3.19	5%
						2017-18	0.62	3.59	
						2018-19	0.97	4.46	
						2019-20	0.54	4.13	
						2020-21	1.06	4.55	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			covered or sheathed with rubber or plastics						
46.	**YARN ITEMS**	5605	Metallised yarn, whether or not gimped, Being textile yarn, or strip or the like Of heading 5404 or 5405, combined with Metal in the form of thread, strip or Powder or covered with metal	_	No change	2016-17	9.07	1.57	5%
						2017-18	13.96	1.99	
						2018-19	17.73	12.87	
						2019-20	15.59	22.65	
						2020-21	10.72	5.17	
47.		5609	Articles of yarn, strip or the like of Heading 5404 or 5405, twine, cordage, Rope or cables, not elsewhere specified Or included.	_	No change	2016-17	14.9	1.14	5%
						2017-18	17.13	1.52	
						2018-19	20.26	1.39	
						2019-20	16.01	2.1	
						2020-21	13.81	2.1	
48.	**Apparel**	6101	Men's boys' overcoats, car-coats, of cotton, knitted or crocheted	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20 %	2016-17	51.82	4.49	12%
						2017-18	65.58	4.51	
						2018-19	90.9	7.04	
						2019-20	115.86	9.63	
						2020-21	97.05	7.83	
49.		6102	Women's or girl's overoacts, car-coats, of wool, knitted or crocheted	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20 %	2016-17	5.44	2.35	12%
						2017-18	6.34	2.41	
						2018-19	5.93	2.96	
						2019-20	6.71	4.91	
						2020-21	8.6	4.88	
50.		6103	Men ' s or boys ' suits , ensemble s etc. , knit or croch	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20 %	2016-17	616.79	16.97	12%
						2017-18	560.69	23.89	
						2018-19	518.28	39.65	
						2019-20	460.43	42.79	
						2020-21	480.28	30.31	
51.		6104	Women' s or girl's suits , ensemble s etc. , knit or croch	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20 %	2016-17	788	30.63	12%
						2017-18	676.43	32.26	
						2018-19	586.33	40.2	
						2019-20	568.57	47.48	
						2020-21	482.38	38.4	
52.		6105	Men's or boy's' shirts of cotton, knitted or crocheted	Notif. No. 53/2018-Cus dated 16.7.2018	From 10 % to 20 %	2016-17	764.09	12.86	12%
						2017-18	705.44	20.09	
						2018-19	682.05	29.76	
						2019-20	700.56	30.53	
						2020-21	527.65	23.9	
53.		6106	Women' s or girls' night shirts , pyjamas , of other textile materials	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20 %	2016-17	159.89	13.53	12%
						2017-18	161.29	19.66	
						2018-19	162.56	20.94	
						2019-20	138.51	18.2	
						2020-21	100.75	10.77	
54.	**Apparel**	6107				2016-17	600.11	4.24	12%

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			Men' s or girls' night shirts, pyjamas, of other textile materials	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20 %	2017-18	670.47	6.83	
						2018-19	587.09	12.57	
						2019-20	541.29	7.32	
						2020-21	544.34	5.02	
55.		6108	Women's or girls' shirts of cotton, knitted or crocheted	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20 %	2016-17	575.42	11.39	12%
						2017-18	551.08	14.17	
						2018-19	584.55	19.94	
						2019-20	629	21.01	
						2020-21	528.67	19.04	
56.		6109	T-shirts, singlets and other vests, knitted or crocheted	-	No change	2016-17	2791.5	48.95	12%
						2017-18	2616.54	58.96	
						2018-19	2541.97	77.5	
						2019-20	2481.91	87.57	
						2020-21	1963.81	71.53	
57.		6110	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted	-	No change	2016-17	295.09	35.37	12%
						2017-18	323.48	42.51	
						2018-19	363.45	57.37	
						2019-20	359.32	76.84	
						2020-21	304.3	67.44	
58.		6111	Babies? Garments and clothing accessories, knitted or crocheted	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	864.98	15.58	12%
						2017-18	876.69	21.51	
						2018-19	870.28	36.35	
						2019-20	909.53	38.61	
						2020-21	833.77	26.13	
59.		6112	Track suits, ski suits and swimwear, knitted or crocheted	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	8.47	4.6	12%
						2017-18	7.82	7.02	
						2018-19	9.7	7.67	
						2019-20	10.93	7.86	
						2020-21	9.18	3.52	
60.		6113	Garments, made up of knitted/crchtd fabrics	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	0.82	0.16	12%
						2017-18	0.96	0.4	
						2018-19	0.33	0.52	
						2019-20	0.36	0.76	
						2020-21	0.58	0.66	
61.		6114	Other garments, knitted or crocheted	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	593.81	5.21	12%
						2017-18	591.48	9.98	
						2018-19	623.42	6.93	
						2019-20	454.13	6.28	
						2020-21	322.84	5.6	
62.		6115	Pantyhose, tights, stockings, socks and other hosiery, including graduated compression hosiery	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	72.66	27.1	12%
						2017-18	157.29	47.54	
						2018-19	162.42	57	
						2019-20	161.72	55.75	
						2020-21	157.74	39.52	
63.	**Apparel**	6116	Gloves, mittens and mitts, knitted or crocheted	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	26.39	11.17	12%
						2017-18	31.3	14.11	
						2018-19	33.03	20.87	
						2019-20	32.64	20.07	
						2020-21	32.98	23.27	
64.		6117				2016-17	54.82	18.94	12%

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing ac	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2017-18	47.24	22.43	
						2018-19	68.32	26.83	
						2019-20	33.9	21.92	
						2020-21	31.41	15.01	
65.		6201	Men's or boys' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	14.76	10.19	12%
						2017-18	13.39	13.29	
						2018-19	24.74	24.39	
						2019-20	41.55	30.84	
						2020-21	32.65	26.32	
66.		6202	Women’s or girls? Overcoats, car-coats, capes, cloaks, anoraks (including ski- jackets), wind-cheaters, wind jackets	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	15.72	5.52	12%
						2017-18	20.85	8.2	
						2018-19	17.53	11.2	
						2019-20	20.46	14.83	
						2020-21	13.6	13.91	
67.		6203	Men’s or boys suits, ensembles, jackets blazers, trousers, bib and brace overalls breeches and shorts (other than swimwear)	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	1249.18	116.43	12%
						2017-18	1122.74	138.98	
						2018-19	1110.26	214.97	
						2019-20	1068	214.48	
						2020-21	871.4	136.17	
68.		6204	Women’s or girls? Suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace ove	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	2404.84	63.55	12%
						2017-18	2421.15	83	
						2018-19	2472.88	119.85	
						2019-20	2534.39	128.07	
						2020-21	1984.49	74.27	
69.		6205	Sacks and bags, of a kind used for the packing of goods	-	No change	2016-17	632.05	45.11	12%
						2017-18	798.09	27.3	
						2018-19	928.7	39.5	
						2019-20	876.85	56.82	
						2020-21	867.19	47.58	
70.		6206	Tarpaulins, awnings and sunblind’s; tents; sails for boats, sailboards or land craft; camping goods	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	1367.38	20.69	12%
						2017-18	1362.19	25.52	
						2018-19	1228.75	31.99	
						2019-20	1089.12	30.93	
						2020-21	730.76	17.73	
71.	**Apparel**	6207	Men’s or boys singles and other vests underpants, briefs, night-shirts, pyjamas, bathrobes, dressing gowns and similar	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	123.03	0.86	12%
						2017-18	102.44	1.05	
						2018-19	77.19	1.68	
						2019-20	64.45	1.49	
						2020-21	66.69	0.9	
72.		6208	Women's Or Girls' Singlets And Other Vests, Slips, Petticoats, Briefs, Panties, Nightdresses, Pyjamas, Negliges, Bathrobes,	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	229.59	2.76	12%
						2017-18	186.01	3.04	
						2018-19	161.5	2.34	
						2019-20	163.07	2.57	
						2020-21	135.02	1.77	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			Dressing Gowns And Similar Articles ---- Slips And Petticoats						
73.		6209	Babies? Garments and clothing accessories	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	276.97	10.34	12%
						2017-18	276.93	16.49	
						2018-19	252.39	21.07	
						2019-20	224.41	18.7	
						2020-21	182.38	7.56	
74.		6210	Garments, made up of fabrics	Notif. No. 53/2018-Cus dated 16.7.2018	From 10 % to 20%	2016-17	8.39	11.38	12%
						2017-18	18.51	12.5	
						2018-19	39.39	14.36	
						2019-20	53.94	15.31	
						2020-21	118.77	112.62	
75.		6211	Tracksuits, ski suits, swimwear and other garments	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	1166.67	5.15	12%
						2017-18	1284.67	8.17	
						2018-19	1178.02	9.94	
						2019-20	1113.68	10.03	
						2020-21	749.23	10.89	
76.		6212	Brassieres, girdles, corsets, braces, suspenders, garters and similar articles and parts thereof, of all types of textile materials, whether or not elasticated, incl. knitted or crocheted	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	107	22.28	12%
						2017-18	100.58	31.04	
						2018-19	114.65	60.13	
						2019-20	108.52	53.44	
						2020-21	66.3	25.01	
77.		6213	Handkerchiefs	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	8.9	0.46	12%
						2017-18	8.29	0.63	
						2018-19	9.1	0.73	
						2019-20	8.83	0.54	
						2020-21	8.98	0.25	
78.		6214	Shawls, scarves, mufflers, mantillas, veils and similar articles	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	772.14	6.53	12%
						2017-18	525.03	5.36	
						2018-19	483.16	6.53	
						2019-20	434.45	11.44	
						2020-21	296.84	8.41	
79.	**Apparel**	6215	Ties, bow ties and cravats	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	3.34	2.02	12%
						2017-18	2.31	2.3	
						2018-19	3.38	1.99	
						2019-20	3.18	2.11	
						2020-21	3.19	0.4	
80.		6216	Gloves, mittens and mitts	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	22.49	1.51	12%
						2017-18	24.01	2.23	
						2018-19	22.99	2.14	
						2019-20	23.36	2.76	
						2020-21	29.49	2.63	
81.		6217	Other made up clothing accessories; parts of	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	30.8	6.99	12%
						2017-18	25.53	13.5	
						2018-19	21.68	8.09	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			garments or of clothing accessories, other			2019-20	23.38	5.85	
						2020-21	28.27	2.65	
82.		5601	Blankets and travelling rugs	Notif. No. 53/2018-Cus dated 16.7.2018	From 10 % to 20%	2016-17	161.12	46.19	5%
						2017-18	180.11	66.27	
						2018-19	161.6	60.21	
						2019-20	156.12	50.79	
						2020-21	164.54	29.88	
83.		5602	Bed linen, table linen, toilet linen and kitchen linen	_	No change	2016-17	1542.95	19.44	5%
						2017-18	1542.25	10.04	
						2018-19	1583.83	11.86	
						2019-20	1545.67	6.16	
	Made Ups					2020-21	1566.57	4.23	
84.		5603	Curtains (including drapes) and interior blinds; curtain or bed valances	_	No change	2016-17	131.54	4.06	5%
						2017-18	133.83	5.16	
						2018-19	120.17	6.31	
						2019-20	119.64	15.37	
						2020-21	188.01	9.47	
85.		5607	Other furnishing articles, excluding those of heading 9404	_	No change	2016-17	1510.38	104.97	5%
						2017-18	1623.26	100.49	
						2018-19	1821.12	84.75	
						2019-20	1784.91	89.03	
						2020-21	1940.19	56.69	
86.		5608	Knotted netting of twine, cordage or rope, by the piece or metre; made-up fishing nets and other made-up nets, of textile materials	_	No change	2016-17	54.59	7.97	5%
						2017-18	61.44	10.32	
						2018-19	74.16	13.86	
						2019-20	74.54	17.16	
	Other					2020-21	78.4	25.56	
87.		5701	Carpets and other textile floor coverings, knotted, whether or not made up	Notif. No. 53/2018-Cus dated 16.7.2018	From 10 % to 20%	2016-17	439.95	1	5%
						2017-18	338.67	3.38	
						2018-19	320.52	4.26	
						2019-20	299.83	4.22	
						2020-21	280.34	2.14	
88.		5702	Carpets and other textile floor coverings, woven, not tufted or flocked, whether or not made up, incl. Kelem, Schumacks, Karamanie and similar hand-woven rugs Products Include: Artificial Grass.	Notif. No. 58/2018-Cus dated 7.8.2018	From 10 % to 20%	2016-17	466.23	7.19	5%
						2017-18	509.58	12.1	
						2018-19	565.16	14.09	
						2019-20	550.25	2.14	
	Other					2020-21	641.08	10.44	
89.		5703	Carpets and other textile floor coverings, tufted, whether or not made up	Notif. No. 53/2018-Cus dated 16.7.2018	From 10 % to 20%	2016-17	562.92	70.44	5%
						2017-18	548.11	86.31	
						2018-19	563.11	93.12	
						2019-20	520.24	109.81	
						2020-21	616.51	67.67	
90.		5704	Carpets and other textile floor coverings, of felt,	Notif. No. 53/2018-Cus dated 16.7.2018	From 10 % to 20%	2016-17	2.51	2.52	5%
						2017-18	3.21	2.69	
						2018-19	3.35	1.66	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			not tufted or flocked, whether or not made up			2019-20	6.61	1.37	
						2020-21	3.59	0.81	
91.		5705	Other carpets and other textile floor coverings, whether or not made up	Notif. No. 53/2018-Cus dated 16.7.2018	From 10 % to 20%	2016-17	302.36	4.52	5%
						2017-18	311.59	8.57	
						2018-19	313.82	8.61	
						2019-20	289.23	6.32	
						2020-21	327.68	6.65	
92.		5805	Hand-woven tapestries of the type Gobelin, Flanders, Aubusson, Beauvais and the like, and needle-worked tapestries, e.g. petit point, cross-stitch, whether or not made up	_	No change	2016-17	0.95	0.07	5%
						2017-18	1.37	0.07	
						2018-19	2.91	0.03	
						2019-20	2.56	0.01	
						2020-21	3.85	0	
93.		5807	Labels, badges and similar articles of textile materials, in the piece, in strips or cut to shape or size, not embroi	_	No change	2016-17	8.75	21.49	5%
						2017-18	10.22	26.79	
						2018-19	14.25	33.6	
						2019-20	11.37	31.83	
						2020-21	9.05	24.4	
94.		5808	Braids in the piece; ornamental trimmings in the piece, without embroidery, other than knitted or crocheted; tassels,	_	No change	2016-17	13.24	15.48	5%
						2017-18	13.19	17.75	
						2018-19	13.63	18.61	
						2019-20	18.96	20.82	
						2020-21	22.49	19.88	
95.	**Other**	5810	Embroidery on a textile fabric ground, in the piece, in strips or in motifs.	_	No change	2016-17	260.21	7.45	5%
						2017-18	252.85	8.87	
						2018-19	232.14	9.34	
						2019-20	251.05	10.23	
						2020-21	177.19	4.77	
96.		5811	Quilted textile products in the piece, composed of one or more layers of textile materials assembled with padding by	_	No change	2016-17	0.74	0.55	5%
						2017-18	1.04	0.81	
						2018-19	1.27	1.18	
						2019-20	0.89	1.4	
						2020-21	0.77	1.46	
97.		5905	Textile wall coverings	_	No change	2016-17	0.3	0.92	5%
						2017-18	0.51	1.28	
						2018-19	0.47	1.97	
						2019-20	0.35	0.96	
						2020-21	0.21	0.5	
98.		5906	Rubberised textile fabrics, other than those of heading 5902	_	No change	2016-17	6.7	20.7	5%
						2017-18	9.14	30.23	
						2018-19	10.31	38.17	
						2019-20	9.85	39.03	
						2020-21	10.3	28.33	
99.		5907	Textile fabrics otherwise impregnated,	_	No change	2016-17	2.29	13.99	5%
						2017-18	4.05	20.09	
						2018-19	3.38	22.19	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			Coated or covered; painted canvas being Theatrical scenery, studio back-cloths or The like			2019-20	9.82	17.62	
						2020-21	12.72	11.63	
100.		5908	Textile wicks, woven, plaited/knitted, for lamps stoves, lighters, candles etc.; incandescent gas mantles etc., w/n impregnated	_	No change	2016-17	4.8	0.72	5%
						2017-18	3.71	0.83	
						2018-19	2.86	0.73	
						2019-20	4.79	0.57	
						2020-21	4.73	1.13	
101.		5909	Textile hose piping and similar textile tubing, with or without lining, armour or accessories of other materials	_	No change	2016-17	0.86	2.91	5%
						2017-18	2.7	3.53	
						2018-19	2.97	3.91	
						2019-20	3.36	4.37	
						2020-21	2.57	4.19	
102.		5910	Transmission or conveyor belts or belting, of textile material, whether or not impregnated, coated, covered or laminated with plastics, or reinforced with metal or other material	Notif. No. 53/2018-Cus dated 16.7.2018	From 10 % to 20%	2016-17	2.78	11.79	5%
						2017-18	4.55	14.56	
						2018-19	8.98	15.21	
						2019-20	8.34	13.52	
						2020-21	7.55	9.79	
103.		5911	Textile products and articles, for technical uses, specified in note 7 to this chapter	_	No change	2016-17	23.15	65.86	5%
						2017-18	33.93	73.05	
						2018-19	36.61	75.54	
						2019-20	42.68	74.46	
						2020-21	37.31	66.79	
104.		6305	Sacks and bags, of a kind used for the packing of goods	_	No change	2016-17	632.05	45.11	12%
						2017-18	798.09	27.3	
						2018-19	928.7	39.5	
						2019-20	876.85	56.82	
						2020-21	867.19	47.58	
105.		6306	Tarpaulins, awnings and sunblind's; tents; sails for boats, sailboards or land craft; camping goods	_	No change	2016-17	9.41	5.82	12%
						2017-18	9.26	8.07	
						2018-19	10.1	9.46	
						2019-20	10.05	11.35	
						2020-21	19.67	9.32	
106.		6307	Other made up articles, including dress patterns	_	No change	2016-17	629.22	36.48	12%
						2017-18	624.02	43.37	
						2018-19	525.79	46.18	
						2019-20	406.84	52.81	
						2020-21	382.77	195.57	
107.		6308	Sets consisting of woven fabric and yarn, whether or not with accessories, for making up into rugs, tapestries, embroidered	_	No change	2016-17	0.46	0.12	12%
						2017-18	0.35	0.14	
						2018-19	0.39	0.09	
						2019-20	0.18	0.3	
						2020-21	0.18	0.2	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			tablecloths or serviettes, or similar textile articles, put up in packing's for retail sale						
108.		6309	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles for interior furnishing, of all types of textile materials	_	No change	2016-17	63.42	86.08	12%
						2017-18	76.53	98.43	
						2018-19	74.71	95.21	
						2019-20	84.39	95.21	
						2020-21	70.38	73.43	
109.		6310	Used or new rags, scrap twine, cordage, rope and cables and worn-out articles thereof, of textile materials	Notif. No. 53/2018-Cus dated 16.7.2018	From 10 % to 20%	2016-17	24.8	82.56	12%
						2017-18	25.64	101.38	
						2018-19	30.93	147.16	
						2019-20	27.2	199	
						2020-21	21.34	177.19	
110.		5111	Woven fabrics of carded wool or of carded fine animal hair	_	No change	2016-17	6.76	16.46	0%
						2017-18	4.97	18.54	
						2018-19	4.43	24.5	
						2019-20	4.9	22.22	
						2020-21	3.33	7.62	
111.		5112	Woven fabrics of combed wool or of combed fine animal hair	_	No change	2016-17	29.27	10.77	5%
						2017-18	30.19	12.12	
						2018-19	26.83	14.11	
						2019-20	24.95	15.51	
						2020-21	10.06	6.17	
112.		5113	Woven fabrics of coarse animal hair or of horse hair.	_	No change	2016-17	0.04	0.15	5%
						2017-18	0.02	0.03	
						2018-19	0.01	0.23	
						2019-20	0.03	0.01	
						2020-21	0.04	0.05	
113.	**Fabric**	5208	Woven fabrics of cotton, containing = 85% cotton by weight and weighing = 200 g/mÂ²	_	No change	2016-17	990.87	68.11	5%
						2017-18	1019.39	86.07	
						2018-19	1122.42	86.07	
						2019-20	1093.84	92.79	
						2020-21	970.83	54.91	
114.		5209	Woven fabrics of cotton, containing = 85% cotton by weight and weighing 200 g/mÂ²	_	No change	2016-17	426.7	43.41	5%
						2017-18	444.92	46.9	
						2018-19	466.37	56.34	
						2019-20	456.52	46.78	
						2020-21	380.73	46.78	
115.		5210	Woven fabrics of cotton, containing predominantly, but 85% cotton by weight, mixed principally or solely with man-made fibres and weighing = 200 g/mÂ²	_	No change	2016-17	35.03	7.15	5%
						2017-18	38.97	14.2	
						2018-19	43.14	15.67	
						2019-20	42.71	16.12	
						2020-21	39.9	10.8	
116.		5211	Woven fabrics of cotton, containing	_	No change	2016-17	123.17	9.74	5%
						2017-18	159.67	16.83	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			predominantly, but 85% cotton by weight, mixed principally or solely with man-made fibres and weighing 200 g/mÂ²			2018-19	197.45	20.44	
						2019-20	233.97	19.07	
						2020-21	171.08	12.13	
117.		5212	Other woven fabrics of cotton	_	No change	2016-17	61.29	4.52	5%
						2017-18	45.06	5.31	
						2018-19	44.06	6.39	
						2019-20	77.96	6.74	
						2020-21	52.68	3.51	
118.		5309	Woven fabrics of flax	_	No change	2016-17	45.55	19.92	5%
						2017-18	46.93	22.98	
						2018-19	47.25	29.29	
						2019-20	46.91	38.58	
						2020-21	33.01	23.09	
119.		5310	Woven fabrics of jute or of other textile base fibres of heading 5303	_	No change	2016-17	97.65	19.99	5%
						2017-18	93.14	63.32	
						2018-19	76.27	58.46	
						2019-20	69.6	81.63	
						2020-21	78.74	59.14	
120.		5311	Woven fabrics of other vegetable textile fibres; woven fabrics of paper yarn	_	No change	2016-17	7.1	4	5%
						2017-18	7.1	6.38	
						2018-19	9.5	3.57	
						2019-20	9.82	5.46	
						2020-21	10.53	1.42	
121.		5407	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of heading 5404.	_	No change	2016-17	864.73	154.76	5%
						2017-18	910.3	200.59	
						2018-19	944.29	235.89	
						2019-20	1190.16	260.39	
						2020-21	694.44	191.46	
122.		5408	Woven fabrics of artificial filament yarn,	_	No change	2016-17	17.47	16.71	5%
						2017-18	28.57	20.04	
						2018-19	41.31	22.96	
						2019-20	39.44	26.85	
						2020-21	32.82	13.31	
123.		5512	Woven fabrics of synthetic staple fibres, containing 85% or more by weight of synthetic staple fibres	_	No change	2016-17	61.29	23.32	5%
						2017-18	45.06	23.64	
						2018-19	44.06	21.36	
						2019-20	77.96	23.68	
						2020-21	52.68	16.22	
124.		5513	Woven fabrics containing predominantly, but 85% synthetic staple fibres by weight, mixed principally or solely with cotton and weighing = 170 g/mÂ²	_	No change	2016-17	52.48	3.65	5%
						2017-18	50.08	4.75	
						2018-19	45.92	3.61	
						2019-20	48.58	4.99	
						2020-21	24.08	5.91	
125.		5514		_		2016-17	38.01	1.75	5%

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			Woven fabrics containing predominantly, but 85% synthetic staple fibres by weight, mixed principally or solely with cotton and weighing 170 g/mÂ²		No change	2017-18	28.64	3	
						2018-19	46.32	2.78	
						2019-20	31.16	3.46	
						2020-21	28.64	5.17	
126.		5515	Other woven fabrics of synthetic staple fibres	_	No change	2016-17	585.37	29.66	18%
						2017-18	514.41	51.36	
						2018-19	446.58	135.44	
						2019-20	414.73	53.61	
						2020-21	290.29	26.26	
127.		5516	Woven fabrics of artificial staple fibres	_	No change	2016-17	143.9	29.28	18%
						2017-18	130.46	44.35	
						2018-19	67.36	53.13	
						2019-20	60.2	63.61	
						2020-21	53.09	43.07	
128.		5801	Woven pile fabrics and chenille fabrics, other than fabrics of heading 5802 or 5806	_	No change	2016-17	26.68	4.53	5%
						2017-18	33.12	7.5	
						2018-19	35.94	6.54	
						2019-20	33.75	12.93	
						2020-21	27.99	16	
129.		5802	Terry towelling and similar woven terry fabrics, tufted textile fabrics (excluding narrow woven fabrics of heading 5806, carpets and other floor coverings)	-	No change	2016-17	5.13	0.04	5%
						2017-18	4.7	0.05	
						2018-19	4.84	0.02	
						2019-20	3.27	0.03	
						2020-21	2.18	0.06	
130.		5803	Gauze, other than narrow fabrics of heading 5806	_	No change	2016-17	0.46	0.26	5%
						2017-18	0.45	0.27	
						2018-19		0.47	
						2019-20	350	0.58	
						2020-21	0.2	1.05	
131.		5804	Tulles and other net fabrics	_	No change	2016-17	25.74	61.45	5%
						2017-18	23.15	53.21	
						2018-19	30.41	46.41	
						2019-20	51.91	40.63	
						2020-21	22.78	20.3	
132.		5806	Narrow woven fabrics other than goods of heading 5807; narrow fabrics consisting of warp without weft assembled	_	No change	2016-17	30.48	71.21	5%
						2017-18	34.54	84.48	
						2018-19	40.53	90.71	
						2019-20	43.09	96.09	
						2020-21	41.56	76.54	
133.		5809	Woven fabrics of metal thread and woven fabrics of metallised yarn of	_	No change	2016-17	1.22	0.26	5%
						2017-18	1.58	1.49	
						2018-19	1.57	1.9	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			heading 5605, of a kind used in apparel, as furnishing fabrics or for similar purposes			2019-20	1.85	3.47	
						2020-21	5.79	0.72	
134.		5901	Textile fabrics coated with gum or amylaceous substances, of a kind used for the outer covers of books or the like; tracing cloth; prepared painting canvas; buckram and similar stiffened textile fabrics of a kind used for hat foundations	_	No change	2016-17	9.74	1.92	5%
						2017-18	8.79	3.53	
						2018-19	7.99	4.97	
						2019-20	9.3	5.19	
						2020-21	10.76	3.93	
135.		5902	Tyre cord fabric of high tenacity yarn of nylon or other polyamides, polyesters or viscose rayon	_	No change	2016-17	45.67	200.53	5%
						2017-18	49.59	244.3	
						2018-19	51.45	287.79	
						2019-20	40.6	204.42	
						2020-21	41.76	179.17	
136.		5903	Textile fabrics impregnated, coated, covered or laminated with plastics	_	No change	2016-17	114.8	357.5	5%
						2017-18	116.72	469.2	
						2018-19	133.41	422.88	
						2019-20	162.01	382.87	
						2020-21	162.01	228.62	
137.		6001	Pile fabrics including long pile fabrics and terry fabrics, knitted / cr	_	No change	2016-17	14.54	24.76	5%
						2017-18	11.62	33.2	
						2018-19	16.64	33.2	
						2019-20	16.32	49.02	
						2020-21	15.64	42.55	
138.		6002	Knitted or crocheted fabrics, of a width = 30 cm, containing by weight = 5% of elastomeric yarn or rubber thread	_	No change	2016-17	5.53	5.69	5%
						2017-18	5.52	1.49	
						2018-19	7.68	1.03	
						2019-20	4.78	1.38	
						2020-21	5.08	1.52	
139.		6003	Knitted or crocheted fabrics, of a width = 30 cm	_	No change	2016-17	0.85	0.79	5%
						2017-18	1.44	1.37	
						2018-19	1.39	0.55	
						2019-20	0.96	0.45	
						2020-21	1.39	2.97	
140.		6004	Knitted or crocheted fabrics, of a width 30 cm, containing by weight = 5% of elastomeric yarn or rubber thread	Notif. No. 53/2018-Cus dated 16.7.2018	From 10 % to 20 %	2016-17	51.82	48.18	5%
						2017-18	65.58	86.89	
						2018-19	90.9	94.03	
						2019-20	115.86	65.38	
						2020-21	97.05	54.59	
141.		6005	Warp knit fabrics (including those made on galloon knitting machines), other than	_	No change	2016-17	6.21	116.91	5%
						2017-18	7.83	106.43	
						2018-19	9.74	102.71	
						2019-20	10.32	89.93	

S.I	Product Segment	HSN code	Description	Notification	Duty rate	Year	Export Value (USD)	Import Value (USD)	GST Rate
			those of headings 6001 to 6004			2020-21	13.26	66.61	
142.		6006	Other knitted or crocheted fabrics	_	No change	2016-17	205.56	281.01	5%
						2017-18	250.93	362.91	
						2018-19	313.85	323.15	
						2019-20	274.04	343.94	
						2020-21	350	317.21	

Annexure V

RCA Table

HS Codes in which India is Competitive (2014-19)

2014	2015	2016	2017	2018	2019
500300	500100	500100	500300	500300	500300
500500	500300	500300	500600	500500	500500
500600	500600	500600	500710	500600	500600
500710	500710	500710	500720	500710	500710
500720	500720	500720	500790	500720	500720
500790	500790	500790	510220	500790	500790
510310	510220	510220	510310	510220	510220
510320	510310	510310	510320	510310	510310
510330	510320	510320	510529	510320	510320
510400	510330	510330	510710	510400	510400
510521	510400	510529	510720	510529	510529
510529	510529	510710	511111	510710	510540
510610	510610	510720	511230	510720	510710
510710	510620	511111	511290	511190	510720
510720	510710	511230	520100	511230	511190
511111	510720	511290	520210	520100	511230
511190	511111	520100	520299	520210	520100
511230	511190	520210	520411	520291	520210
511290	511220	520299	520420	520299	520291
520100	511230	520411	520511	520300	520299
520210	511290	520420	520512	520411	520300
520299	520100	520511	520513	520419	520411
520411	520210	520512	520514	520420	520419
520420	520299	520513	520515	520511	520420
520511	520411	520514	520521	520512	520511
520512	520420	520515	520522	520513	520512
520513	520511	520521	520523	520514	520513
520514	520512	520522	520524	520515	520514
520515	520513	520523	520526	520521	520515
520521	520514	520524	520527	520522	520521
520522	520515	520526	520528	520523	520522
520523	520521	520527	520531	520524	520523
520524	520522	520528	520532	520526	520524
520526	520523	520531	520533	520527	520526
520527	520524	520532	520534	520528	520527
520528	520526	520533	520535	520531	520528
520531	520527	520534	520541	520532	520531
520532	520528	520535	520542	520533	520532
520533	520531	520541	520543	520534	520533
520534	520532	520542	520544	520535	520534
520535	520533	520543	520546	520541	520535

2014	2015	2016	2017	2018	2019
520541	520534	520544	520547	520542	520541
520542	520535	520546	520548	520543	520542
520543	520541	520547	520614	520544	520543
520544	520542	520548	520621	520546	520544
520546	520543	520614	520622	520547	520546
520547	520544	520622	520623	520548	520547
520548	520546	520623	520624	520611	520548
520612	520547	520624	520632	520612	520612
520614	520548	520625	520634	520613	520613
520615	520613	520632	520644	520614	520614
520621	520614	520633	520811	520615	520622
520623	520621	520634	520812	520622	520623
520624	520622	520644	520813	520623	520624
520625	520623	520811	520819	520624	520625
520633	520624	520812	520821	520625	520644
520634	520625	520813	520822	520634	520645
520644	520634	520819	520823	520641	520811
520645	520641	520821	520829	520644	520812
520790	520643	520822	520831	520645	520813
520811	520644	520823	520832	520811	520819
520812	520710	520829	520833	520812	520821
520813	520811	520831	520841	520813	520822
520819	520812	520832	520842	520819	520823
520821	520813	520833	520843	520821	520831
520822	520819	520841	520851	520822	520832
520823	520821	520842	520852	520823	520833
520829	520822	520843	520859	520831	520841
520831	520823	520851	520911	520832	520842
520832	520829	520852	520912	520833	520843
520833	520831	520859	520919	520841	520851
520841	520832	520911	520921	520842	520852
520842	520833	520912	520922	520843	520859
520843	520841	520919	520929	520851	520911
520851	520842	520921	520931	520852	520912
520852	520843	520922	520932	520859	520919
520859	520851	520929	520939	520911	520921
520911	520852	520931	520941	520912	520922
520912	520859	520932	520942	520919	520929
520919	520911	520939	520943	520921	520931
520921	520912	520941	520951	520922	520932
520922	520919	520942	520959	520929	520939
520929	520921	520943	521011	520931	520941
520931	520922	520951	521019	520932	520942
520932	520929	520952	521021	520941	520943
520939	520931	520959	521031	520942	520951
520941	520932	521011	521032	520943	520952

2014	2015	2016	2017	2018	2019
520942	520939	521031	521111	520951	520959
520943	520941	521032	521112	520952	521019
520951	520942	521111	521131	520959	521031
520952	520943	521112	521132	521011	521032
521019	520951	521131	521142	521019	521041
521031	520952	521132	521151	521031	521051
521032	520959	521142	521159	521032	521059
521111	521019	521151	521211	521041	521111
521112	521031	521159	521212	521111	521112
521131	521032	521211	521213	521112	521131
521132	521111	521212	521214	521131	521132
521142	521112	521213	521215	521132	521141
521143	521131	521214	521221	521141	521142
521151	521132	521215	521223	521142	521159
521159	521142	521221	521224	521159	521211
521211	521151	521223	521225	521211	521212
521212	521159	521224	530310	521212	521213
521213	521211	521225	530500	521213	521214
521214	521212	530310	530710	521214	521215
521215	521213	530500	530720	521215	521223
521221	521214	530710	530810	521223	521224
521222	521215	530720	530919	521224	521225
521223	521221	530810	530929	521225	530110
521224	521222	530911	531010	530310	530130
521225	521223	530919	531090	530500	530310
530290	521224	530929	531100	530710	530500
530310	521225	531010	540233	530720	530710
530390	530310	531090	540239	530810	530720
530500	530500	531100	540246	530919	530810
530710	530710	540233	540247	530929	530890
530720	530720	540239	540248	531010	530911
530810	530810	540246	540251	531090	530919
530911	530890	540247	540252	531100	530929
530919	530911	540248	540259	540233	531010
530929	530919	540251	540261	540239	531090
531010	530929	540252	540262	540246	531100
531090	531010	540259	540310	540247	540233
540233	531100	540262	540331	540248	540239
540239	540110	540310	540332	540251	540246
540246	540233	540331	540349	540252	540247
540247	540239	540332	540710	540259	540248
540251	540244	540349	540720	540261	540251
540252	540246	540710	540744	540262	540252
540259	540247	540720	540752	540310	540259
540262	540252	540744	540754	540331	540261
540310	540259	540752	540771	540332	540262

2014	2015	2016	2017	2018	2019
540331	540261	540754	540772	540710	540310
540332	540262	540771	540773	540720	540331
540710	540310	540772	540774	540730	540332
540720	540331	540773	540781	540744	540710
540730	540349	540774	540782	540752	540720
540752	540710	540781	540783	540754	540730
540754	540720	540782	540784	540771	540754
540771	540730	540783	540791	540772	540771
540772	540744	540784	540792	540773	540772
540773	540752	540791	540793	540774	540773
540774	540754	540792	540794	540781	540774
540781	540771	540793	540810	540782	540781
540782	540772	540794	540821	540783	540782
540783	540773	540810	540822	540784	540783
540784	540774	540821	540824	540791	540784
540792	540781	540822	550130	540792	540792
540793	540782	540824	550320	540793	540793
540794	540783	540834	550330	540794	540794
540810	540784	550130	550340	540810	540810
540822	540791	550320	550410	540821	540821
540834	540792	550330	550921	540822	540822
550130	540793	550340	550922	540824	540824
550320	540794	550410	550931	540834	540834
550330	540810	550510	550932	550130	550130
550340	540821	550921	550951	550320	550320
550410	540822	550922	550952	550330	550330
550510	540824	550931	550953	550340	550340
550630	540834	550932	550959	550410	550410
550921	550130	550941	550962	550620	550921
550922	550320	550951	550969	550921	550922
550931	550330	550952	550992	550922	550931
550932	550340	550953	550999	550931	550932
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550952	550630	550969	551020	550951	550952
550953	550921	550999	551030	550952	550953
550959	550922	551011	551090	550953	550959
550962	550931	551012	551110	550959	550962
550969	550932	551020	551130	550962	550969
550991	550941	551030	551319	550969	550992
550999	550942	551090	551323	550992	550999
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551012	550952	551130	551339	551011	551012
551020	550953	551219	551349	551012	551020
551030	550959	551299	551411	551030	551030
551110	550962	551319	551412	551090	551090

2014	2015	2016	2017	2018	2019
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551219	550991	551323	551429	551130	551130
551229	550999	551329	551430	551319	551319
551299	551011	551339	551449	551323	551323
551319	551012	551349	551511	551329	551329
551323	551020	551411	551512	551339	551339
551329	551030	551412	551513	551349	551349
551339	551110	551429	551519	551411	551411
551349	551130	551430	551521	551412	551412
551411	551219	551449	551591	551419	551421
551412	551229	551511	551599	551421	551429
551419	551299	551512	551612	551429	551443
551429	551319	551513	551613	551430	551449
551430	551323	551519	551621	551449	551511
551449	551329	551521	551623	551511	551512
551511	551339	551591	551641	551512	551513
551512	551349	551599	551642	551513	551519
551513	551411	551612	551692	551519	551591
551519	551412	551621	551693	551521	551599
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551599	551430	551642	560221	551611	551624
551612	551449	551692	560312	551612	551641
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551623	551512	551694	560729	551623	551692
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560121	551519	560221	560790	551692	560121
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560312	551591	560500	560890	560121	560312
560500	551599	560729	560900	560221	560500
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560749	551614	560790	570190	560500	560749
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570110	551693	570190	570232	560811	570110
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570210	560122	570220	570241	570110	570210
570220	560311	570231	570249	570190	570220
570231	560312	570232	570250	570210	570231
570232	560500	570239	570291	570220	570232
570239	560749	570241	570292	570231	570239
570241	560750	570249	570299	570232	570241
570242	560790	570250	570310	570239	570249
570249	560811	570291	570330	570241	570250
570250	560900	570292	570390	570249	570291

2014	2015	2016	2017	2018	2019
570292	570110	570299	570500	570250	570292
570299	570190	570310	580126	570291	570299
570310	570210	570330	580136	570292	570310
570330	570220	570390	580211	570299	570330
570390	570231	570500	580219	570310	570390
570490	570232	580126	580220	570330	570500
570500	570241	580136	580410	570390	580122
580126	570242	580137	580429	570500	580126
580136	570249	580211	580430	580126	580136
580137	570291	580219	580500	580136	580137
580190	570292	580220	580620	580137	580219
580211	570299	580429	580639	580219	580410
580219	570310	580430	580810	580220	580429
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580429	570390	580639	581010	580430	580620
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580500	570500	580890	581092	580620	580790
580620	580122	580900	581099	580639	580810
580890	580136	581010	590110	580790	580890
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581010	580219	581092	590310	580890	581010
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581092	580410	590110	600121	581010	581092
581099	580500	590290	600129	581091	581099
590110	580610	590310	600290	581092	590110
590290	580620	590800	600320	581099	590290
590310	580632	600121	600390	590110	590310
590800	580710	600129	600524	590290	590390
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600290	580890	600320	600621	590800	600121
600320	581010	600390	600622	600121	600129
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600621	581092	600524	600690	600290	600490
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600624	590290	600622	610310	600390	600542
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610310	591190	610322	610333	600621	600690
610323	600121	610323	610339	600622	610120
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610339	600290	610333	610343	610120	610290
610342	600320	610339	610349	610190	610310
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610413	600390	610343	610419	610323	610323

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610422	600531	610413	610423	610332	610333
610429	600621	610419	610429	610333	610339
610439	600622	610422	610439	610339	610341
610442	600624	610423	610442	610342	610342
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610459	610322	610449	610462	610423	610423
610461	610323	610452	610469	610429	610429
610462	610329	610459	610510	610439	610439
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610510	610342	610469	610590	610443	610443
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610590	610413	610520	610620	610462	610452
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610719	610429	610690	610721	610590	610520
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610722	610443	610719	610729	610690	610610
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611490	610829	611190	611490	611220	611190
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620319	611011	611490	620312	611599	611490
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620323	611130	611699	620323	611710	611599
620329	611190	611710	620329	620199	611699
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620339	611220	620319	620339	620319	620199
620341	611420	620323	620342	620323	620319
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620343	611490	620333	620349	620332	620329
620349	611599	620339	620411	620339	620332
620411	611710	620342	620412	620342	620339
620412	620312	620343	620413	620349	620342
620413	620319	620349	620419	620411	620343
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620423	620329	620413	620423	620419	620413
620429	620332	620419	620429	620422	620419
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620449	620349	620441	620449	620444	620442
620452	620411	620442	620452	620449	620443
620453	620412	620443	620453	620452	620444
620459	620413	620444	620459	620453	620449
620461	620419	620449	620461	620459	620452
620463	620422	620452	620463	620461	620453
620469	620423	620453	620469	620463	620459
620520	620429	620459	620520	620469	620461
620530	620441	620461	620530	620520	620463
620590	620442	620463	620590	620530	620469
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620630	620449	620530	620640	620630	620590
620640	620452	620590	620690	620640	620610
620690	620453	620610	620711	620690	620630
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620719	620461	620630	620721	620719	620690
620721	620463	620640	620722	620721	620711
620722	620469	620690	620729	620722	620719
620729	620520	620711	620791	620729	620721
620791	620530	620719	620799	620791	620722
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620811	620610	620722	620819	620811	620791
620819	620620	620729	620821	620819	620799

2014	2015	2016	2017	2018	2019
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620822	620640	620799	620829	620822	620819
620829	620690	620811	620891	620829	620821
620891	620711	620819	620892	620891	620822
620892	620719	620821	620899	620892	620829
620899	620721	620822	620920	620899	620891
620920	620722	620829	620930	620920	620892
620930	620729	620891	620990	620930	620899
620990	620791	620892	621020	620990	620920
621112	620799	620899	621112	621112	620930
621132	620811	620920	621132	621132	620990
621133	620819	620930	621139	621139	621020
621139	620821	620990	621142	621142	621112
621142	620822	621112	621143	621143	621132
621143	620829	621132	621149	621149	621139
621149	620891	621139	621320	621320	621142
621320	620892	621142	621390	621390	621143
621390	620899	621143	621410	621410	621149
621410	620920	621149	621420	621420	621320
621420	620930	621320	621430	621430	621390
621430	620990	621390	621440	621440	621410
621440	621112	621410	621490	621490	621420
621490	621132	621420	621590	621600	621430
621600	621133	621430	621600	630120	621440
621710	621139	621440	630120	630130	621490
630120	621142	621490	630130	630190	621590
630130	621143	621590	630190	630210	621600
630190	621149	621600	630210	630229	630120
630210	621320	621710	630222	630231	630130
630221	621390	630120	630229	630239	630190
630222	621410	630130	630231	630240	630210
630229	621420	630190	630239	630251	630221
630231	621430	630210	630240	630259	630229
630240	621440	630222	630251	630260	630231
630251	621490	630229	630259	630291	630240
630259	621600	630231	630260	630299	630251
630260	621710	630239	630291	630391	630259
630291	630120	630240	630299	630399	630260
630299	630130	630251	630391	630419	630291
630391	630190	630259	630399	630491	630299
630399	630210	630260	630419	630492	630391
630419	630222	630291	630491	630499	630399
630491	630229	630299	630492	630510	630419
630492	630231	630391	630499	630520	630491
630493	630239	630399	630510	630532	630492
630499	630240	630419	630520	630590	630493

2014	2015	2016	2017	2018	2019
630510	630251	630491	630532	630710	630499
630520	630259	630492	630590	630720	630510
630532	630260	630499	630710	630790	630520
630539	630291	630510	630720	630900	630532
630590	630299	630520	630790	631010	630590
630710	630391	630532	630900		630720
630720	630399	630590	631010		630790
630790	630411	630710	631090		630900
630900	630419	630720			631010
631010	630491	630790			631090
631090	630492	630900			
	630499	631010			
	630510	631090			
	630520				
	630532				
	630539				
	630590				
	630619				
	630710				
	630720				
	630790				
	630900				
	631010				
	631090				

Annexure VI

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Questionnaire for the study of "Impact Assessment of Direct and Indirect Taxes Incentives extended to all the value chain of textile Sector"

SECTION A : Impact of Custom duty and Anti-Dumping duty on the Textile Sector	
Name of Organization	TEXPROCIL
Address, email, mob no and name of the Nodal Officer	
List the most important inputs which are imported and further processed in textile sector and rate of Custom duty on these items. How the custom duty has changed in the last five years for these important inputs? Please also mention the date and number of notifications and HSN CODE.	
List the critical items /inputs on which custom duty has increased or decreased in the last five year?	
How the changes in the Custom duty has affected parameters like investment, output, price, profitability, employment & export of the sector?	
Give details of the top 10 textile firms in large, medium and small scale sector in terms of output, employment and exports.	
Mention the recent decrease in custom duty on textile inputs and how these have benefited the textile sector?	
What is the rate of IGST and GST on man-made fibre, natural fibre and output made from these?	
What are the most important items of exports and imports in the last five years, indicate with HSN code, volume, and value?	
How custom duty notifications/changes have affected the competitiveness of the industry, cost of production, margins, import of inputs/outputs, export and affordability in the domestic market? Please also mention the date and number of notifications and HSN CODE?	
What are the top 10 items/tariff lines (HS Code) in the value chain, and the rate of duties in the last 5 years?	
What has been the incremental revenue due to tariff reduction/concession?	
What are the supports needed from government to boost the revenue and a desired global market share?	
How much of SAD refund has been received by the textile sector?	
How much of duty drawback has been received by the textile sector?	
How much of duty drawback has been received by the textile sector?	
How many textile companies have availed SVB benefits? How much is the amount?	
What is the target global market share to be achieved in the Textile sector?	
What are the main reasons for loss of business to other Asian countries?	
Has the government taken these into consideration and working out solutions for the same?	

Is there a policy level change required to address this issue?	
Has the production capacity been underutilized ever because of shortage of raw materials?	
What are the reasons for shortage of raw materials?	

SECTION B: Duty structure in the Textile Sector

	Pre GST tax structure in 2015-16							Post GST Tax Structure						
HSN code	**(Million US dollars)**	**%**							**No & Date ##**	**%**				**(Ml US dollar)**
(8 Digit)	**Vol. Of Export/ Import**	**Custom Duty**	**Excise**	**VAT**	**CVD**	**SAD**	**Anti-dumping**		**Announced vide Notification**	**Basic Custom duty**	**IGST**	**CVD**	**Anti-dumping duty**	**Vol. of Export/ Import**
.								**2017**						
								2018						
								2019						
								2020						

##How have the above mentioned changes/concessions introduced post GST affected the competitiveness of EPC /Association members through decrease in cost of production/ price competitiveness etc.?	
What are the Top five EPC /Association members with their respective shares in turnover?	
Has the change/ concession made vide notification at ## led to increased output/export/import/employment/Investment by the EPC /Association members. Please quantify the same?	
Have any of the Government Schemes offering Provident Fund Subsidies under Atam Nirbhar led to Payment by the EPC /Association members? Please quantify the same increased investment/employment	
What steps have been taken to make the MNCs start business with ease?	
Has the single window system of approval been implemented? If so, how many companies have used this facility so far	

SECTION C : Firm/Companies specific Data

Name of Organization		
Ownership Type (Please Mark ✔)	Private	
	Public	
	MNC	
Organization Structure (Please Mark ✔)	Small	
	Medium	
	Large	
Sales Turnover (Rs.)	**2016**	**2017**
Proportion of export in sales turnover (Rs.)		
Pieces produced (Nos.)		
Factories (Nos.)		
Employees		
i) Total number of employees (including permanent, contractual, and managers)		
ii) Number of workers of which		
Contractual		

Permanent			
iii) No of Managers			
Has the number of workers increased post 2016? If yes, give details.			
Please provide the following information:			
	Location of factory (city)	Number of machines	Investment in plant and machinery (in Rs. Lakh)
Factory 1			
Factory 2			
Factory 3			
Factory 4			
Total			
Have you increased your investment in plant and machinery post 2016? If yes, give details.			
Percentage of your main product		**2016**	**2018**
(a) Cost break-up in percent (excluding government incentives)			
(i) Raw materials			
(ii) CMT			
(iii) Overhead			
(iv) Margins			
(b) Cost break-up of cost per piece (in terms of the retail price for the main product in US $)			
(i) Ex-works			
(ii) FOB			
(iii) Retail price			
(iv) Profit per piece			
(v) Expenditure (Pre GST-2016 / Post GST-2018)			
(vi) Preproduction			
(vii) Production			
(viii) Equipment			
(ix) Post production			
(x) Government of Incentives			
(xi) Taxes			
What has been the export revenue in last 5 years (year wise)			
Which are your targeted top 5 items for revenue increase?			
Additional employment generated because of the incremental revenue			
Market promotion/Business development expenses incurred for the incremental revenue			
Year wise Capex made			
How much of export revenue you lost to international competition because of price differentiation?			
Export projections for coming 5 years			
Any other please specify			