

India

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Background

- India is located in South Asia and its the seventh largest country
- Developing country: overpopulated with maximum population below poverty line.
- Population: India is the second most populated country worldwide with a 1.3 billion people population.
- Culture: The culture here is very enriched. Religion is important and 78% of Indians are Hindus. Family is also important in their culture.

Textile and Apparel Industries (History)

16th century – Late 20th Century

- The cotton industry in India is very big as it is credited as the birthplace of cotton manufacture.
- Known for traditional techniques handling of yarn dyeing, spinning, and design by hand.
- Four major exporter before European trade: Punjab, Gujarat, Southern Coast, Bengal.
- Faced a lot of competition and could not keep up with textile production.
- Political insecurities and famine impacted many weaver's death or migration to different places





Textile and Apparel Industries (Today)

Today

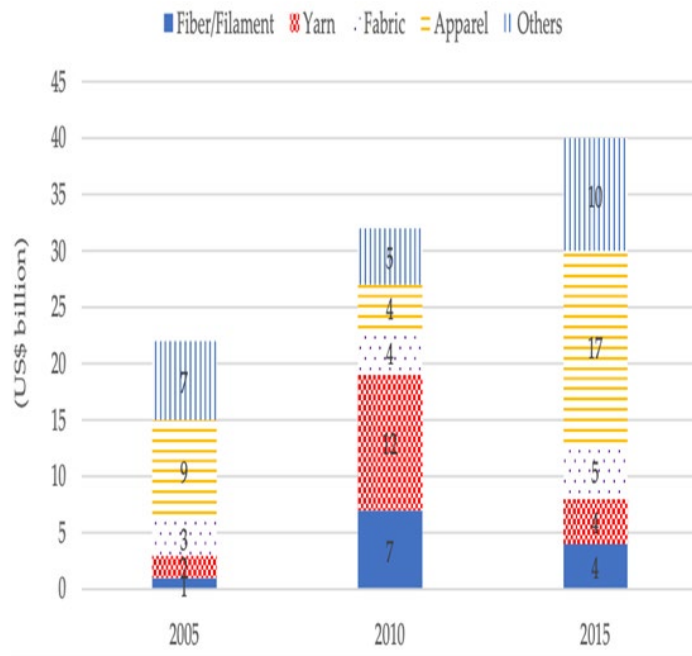
- Ranks
 - ✓ 3rd in textile exporting country
 - ✓ 2nd in producer of cotton and silk
 - ✓ 1st in producer of jute
- Highest quality of spinning mills
- Textile/apparel industry is 2nd largest employment-generating industry after agricultural industry
- Important to the country due to: -contributions in exports, industrial production, & employment, which reduces poverty

Textiles/Apparel Imports and Exports

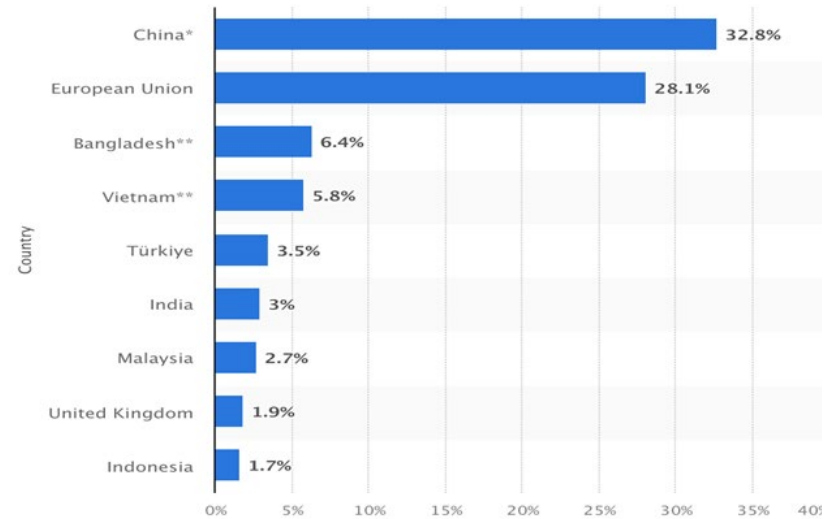
- According to a 2017 study, the U.S. is India's top export destination of textile and apparel (20.92% share)
- The U.S., UAE, U.K, and China are India's top trading and export partners
- In 2015, the share of India's textile and apparel export to the US was over 90%
- Textiles & apparel imports & exports - cheap labor costs and low production costs
- The textile and apparel trade makes up 1% of India's GDP - generating jobs & building India's economy



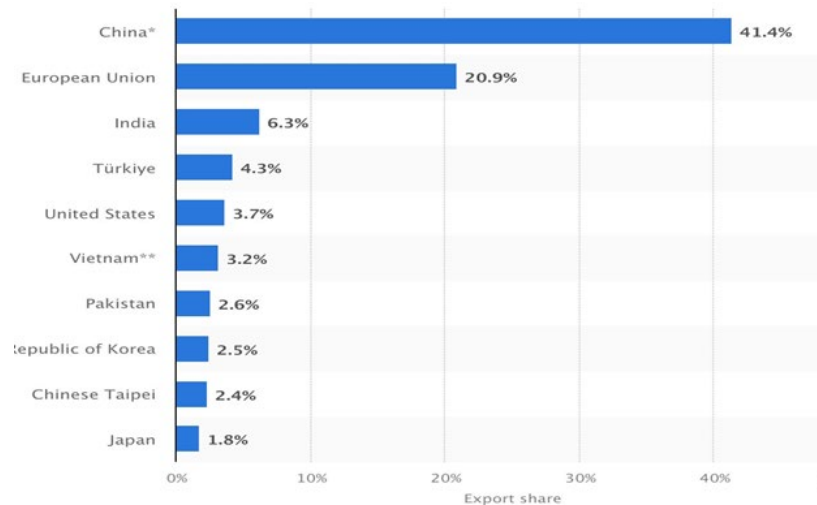
Textiles/Apparel Imports and Exports (Graphs)



Exports of apparel increased by 43% in 2015



India comes at number six, with 3% export share



World's textile exports in 2021 by country - ranking India third at 6.3% in shares

Role in Global Trade (1 of 2)

India is not a major textiles/apparel importer - however is a major exporter

- India is not a major textile importer - not on world's major textiles importer list.
- India is a major textile exporter - one of the top two cotton producers.
- In 2022, the textiles export industry was at its highest in India, making around 1140 billion Indian rupees, equal to \$14 billion USD
- India also ranks top three textile-exporting countries worldwide (\$22 billion USD in export value)



Role in Global Trade (2 of 2)

- In 2022, the US was the top export destination - making up for 27% of textile exports
- India ranks as 6th on the share in world exports of the leading clothing exporters in 2021 (3% export share)
- The share of apparel in India's total exports was 11.4% in 2020
- India accounts for 4% share of the global trade of apparel
- Textile and apparel exports increased to the highest level in 2022 (US\$ 44.4 billion) - exceeding 41% (2021) & 26% (2020)



Historic Review (1700's-1800's)

- Textile & Apparel trade between India & the U.S. originally began around 1785, shortly after the *War of Independence*
- Around the early 1700's to early 1800's the U.S. deterred from trading textile and apparel with Europe - once merchants became aware of India's vast variety of cloth & textile options, plus affordability.
- India provided and made popular textiles available:
 - ✓ white cotton
 - ✓ printed & dyed cotton
 - ✓ wool
 - ✓ silk & silk and cotton mixed goods



Historic Review (Present Day)



- India is now the third largest textile & apparel supplier for the U.S
- In 2020, according to *The U.S. International Trade Commission*, imports of textiles and apparel from India decreased \$1.2 billion (13.7%) - due to the pandemic
- Imports of fabric increased by \$29.9 million (27.5%) – 2020
- However, since 2021-2022, imports (U.S.) from India have increased almost 55%

Best Alternative

U.S. should import textiles/apparel from India

- Cotton, textiles, and apparel are critical agricultural and industrial sectors
- Cheap labor, benefit for U.S.
- Dyestuff and specialty chemical industry is well developed
- 33 million people in India are employed within the textile and apparel sector, benefiting India, steering them away from poverty

U.S. should not export textiles/apparel to India

- High labor costs
- Labor intensive

India holds absolute advantage in the textile/apparel sector, so the U.S. should import from India

What U.S companies should trade with India?

- Any fast fashion companies!
- Why?
- Because of the country's strengths in the textile/apparel industry and its cheap labor
- In fact, companies that already outsource from India include GAP, Wal-Mart, and Polo Ralph Lauren





Garment From India



How to import your clothing item?

- **Regulations:** Documentation:

- Import declaration: disclosure of total value of imports

- Import documentation: factory invoices, freight documentation, insurance cert, import licenses.

- Letter of credit: record of import payment

- **Rules:** U.S market entry requirements

- labeling requirements (care, fiber content, identification of country origin, product safety req)

- **How does India trade with U.S?**

India is allowed to trade because of WTO (World trade Organization) an organization that allows open trade that benefits all countries.

Benefits and losses importing from India

Benefits

- Costs American brands less to import from India versus sourcing locally
- India is #2 producer of cotton
- No imports from India mean limited countries to import from
- No comfy apparel (hoodies, sweaters, sweats, shirts) for the US consumers

Losses

- U.S. companies may contribute to unethical practices:
 - mass production
 - environmental waste
 - forced labor
- Importing from India will enable the US fast fashion companies to continue as a fast fashion company



Reflection

- 1) India is considered to be a developing country - the exportation of textiles & apparel, especially to the U.S., benefits India's economy greatly; creating jobs & a major source of trading income for the country.
- 2) Comes in on #3 of the world's textile exporter
- 3) India is the second-largest producer of cotton and silk
- 4) It is also the largest producer in jute and seventh of wool.

Sources

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