

Handicraft Exports from India - Strategy 2022 and beyond

Global Textile Trends - Way forward for India

Asia Pacific is the largest regional market and is anticipated to register a substantial CAGR of 5.6% in terms of value over the forecast period. This is attributed to the rapidly increasing demand for apparel, particularly through e-commerce portals. Moreover, manufacturers prefer setting up manufacturing units in countries such as China, India, Bangladesh and Pakistan owing to high cotton production and low labor costs.

Prospects for Indian Fashion Textiles across Global Markets

Asia Pacific was the largest region in the global fabrics market, accounting for 55% of the market in 2020. Western Europe was the second largest region, accounting for 13% of the global fabrics market. Africa was the smallest region in the global fabrics market. Asia-Pacific was the largest region in the knitted fabrics market, accounting for 77.6% of the global market in 2018. It was followed by North America, Western Europe and then the other regions. Going forward, the fastest-growing regions in the knitted fabrics



market will be the Middle East and Africa, where growth will be at CAGRs of 9.9% and 8.1% respectively. These will be followed by Eastern Europe and Asia-Pacific where the markets are expected to grow at CAGRs of 7.6% and 4.6% respectively.

Moving beyond 2020

What product categories should India focus on?

- HS codes which are expected to gain in 2025 where export focus should be maintained in the fashion category includes 711311 (Silver Filigree - 71131110), 630790 (Hand Printed Dress - 63079011), 960200 (Potpourri - 96020010), 711719 (Jewellery- Silver - 71171920), 711790 (Imitation Jewellery - 71179010), 681599 (Marble & Stone Figurines - 68159990), 650500 (Knitted Or Crocheted Hat - 65050090), 701810 (Beaded Bangles - 70181010), 611710 (Pashmina Shawls & Stoles - 61171020).

Global Regional Analysis: Focus Products for 2025

Countries	HS Code	Product
USA	650500	KNITTED OR CROCHETED HAT - 65050090
	630790	PRINTED FABRICS - 63079020
EU	830890	IMITATION ZARI SPANGLES - 83089020
	650500	KNITTED OR CROCHETED HAT - 65050090
Japan	630790	PRINTED FABRICS - 63079020
	650500	KNITTED OR CROCHETED HAT - 65050090
Latin America	630790	PRINTED FABRICS - 63079020
	650500	KNITTED OR CROCHETED HAT - 65050090
CIS	630790	PRINTED FABRICS - 63079020
	650500	KNITTED OR CROCHETED HAT - 65050090
Australia	630790	PRINTED FABRICS - 63079020
	650500	KNITTED OR CROCHETED HAT - 65050090
ASEAN	830890	IMITATION ZARI SPANGLES - 83089020
	650500	KNITTED OR CROCHETED HAT - 65050090
	630790	PRINTED FABRICS - 63079020

- For HS code 650400 (Hats & Caps - 65040000), India is expected to pick up the growth but will have to work on enhancing the volume of exports.
- Increasing presence of non-branded costumes, jewellery makers will keep fragmenting the markets growth.
- For 960110 (Articles Of Ivory - 96011000), India should not have any focus.
- For 610431 (Jackets of Wool or Fine Animal Hair - 61043100), 580900 (Zari Borders - 58090010) and 670100 (Feather Dusters - 67010010), India needs to gear up on growth while rest all HS codes are in sync with expected trend in world imports by 2025.

Business tips for Indian companies targeting United States of America

- North America is anticipated to register a CAGR of 3.0% from 2020 to 2027 in terms of value, owing to increasing initiatives for developing superior sports apparel and enhancing agricultural yield.
- The North America market is characterized by high demand from sectors such as meditech, sports tech, and agro-tech.

Business tips for Indian companies targeting European Union

- Europe was the second-largest market in terms of value as well as volume in 2020. Strict regulations imposed by the European Union (EU) on product quality and distribution of fabrics are anticipated to stabilize the growth rate in the region over the forecast period.
- Demand for silk fabrics for household and fashion applications is considered to provide substantial scope for market growth in Europe.
- Easy availability of raw materials such as cotton and polyester, coupled with the presence of textile manufacturing units, has made Central and South America one of the largest producers of textiles. Countries such as Venezuela, Nicaragua, and Brazil are expected to drive the regional market for textiles over the forecast period on account of increasing construction spending, free trade agreements, and abundant availability of raw materials.

- EU has shown similar import trend as that of the USA towards a sudden hike in the import volumes in fashion textiles category primarily contributed by made-up of textile material. Rest all products in this category have been suffering a decline.

Business tips for Indian companies targeting LAC

- LAC has shown similar import trend as that of the USA towards a sudden hike in the import volumes in fashion textiles category primarily contributed by made-up of textile material.
- Demand patterns across all the Latin American countries remains alike however, Mexico seems to be one of the largest importer of fashion textiles with LAC followed by Peru, Columbia, Brazil and Chile as prime importers.
- Considering the fact that India has trade agreements with most of the growing destinations including Indo MERCOSUR PTA, Indo-Chile PTA, Indo Peru FTA; India's position in LAC is likely to strengthen with suitable policy focus.

Business tips for Indian companies targeting CIS

- CIS has shown similar import trend as that of the USA towards a sudden hike in the import volumes in fashion textiles category primarily contributed by made-up of textile material.
- All the countries in CIS have been witnessing a rising import trend for fashion textile except for Kyrgyzstan. In terms of volumes of business prospects, Romania tops the list followed by Ukraine and Belarus.

Business tips for Indian companies targeting ASEAN

- ASEAN has shown similar import trend as that of the USA towards a sudden hike in the import volumes in fashion textiles category primarily contributed by madeups of textile material. Rest all products in this category have been suffering a decline.
- All the countries in ASEAN have been witnessing a rising import trend for fashion textile except for Cambodia and Myanmar. In terms of volumes of business prospects, Singapore tops the list followed by Malaysia and Vietnam. ■

The study conducted by Indian Institute of Foreign Trade (IIFT) & sponsored by O/o DC (Handicrafts), Ministry of Textiles, is available at <https://epch.in/iift-epch-study/Fashion-Textiles.pdf>. In case of any query please write to us at policy@epch.com