

COVID-19

Challenges, Opportunity & Threat for Indian Handicraft Exports

Fashion Textiles

Submitted by:



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CHAPTER 1

BACKGROUND

NEED ASSESSMENT

The Covid-19 pandemic is taking a hard toll on the global economy and India is no exception to this. Handicraft industry, the largest second largest employer in the country after agriculture, which is largely informal, is severely affected witnessed by cancellations of existing export orders wherein around 30% of orders of labour-intensive sectors have got cancelled., default payments and lowering down the future business prospects in near future due to cancellation of few promising trade fairs including the 49th edition of IHGF – Delhi Fair Spring-2020 hampering the exports from major craft clusters like Moradabad, Saharanpur, Jodhpur, Jaipur, Agra, Narsapur, Firozabad, North-eastern region. Cancellation of key trade fairs in the US, Hong Kong and Jaipur has impacted the jewelry business.

A lockdown in India's major export destinations such as China and Europe is also impacting India's handicraft export earnings. India's exports contracted 1.5% to \$292.9 billion in the 11 months to February 2020. The decline is likely to be much sharper going ahead. The country's labour-intensive export sectors such as leather, textiles, gems and jewelry, carpets and handicrafts have borne the brunt of the Covid-19 pandemic. About ₹7,600 crore of leather export orders have been cancelled, ₹2,000 crore carpet orders are stuck and handicraft sector losses are seen at ₹8,000 crore.



India will be the 10th most impacted economy due to supply chain disruptions in China, with agriculture, handicrafts, textiles and apparel at the forefront of the disruption.

Looking for trade opportunities beyond traditional markets of the USA and EU for Indian handicraft exports post COVID does make business sense due to the fact that while on one hand COVID crises seem to have brought forward obvious challenges for Indian exporters due to issues in these export markets, on the other hand appreciating the fact that the COVID crises have hit global markets, many of which have been competing suppliers for India in prime importing countries for Indian handicrafts, this current crises also seem to open newer prospects for Indian handicraft exports.

COVID crises in India's major export destinations such as China, USA and Europe has impacted India's handicraft export earnings. This entails the need for an immediate hunting and trade diversion towards newer destinations with relatively lesser COVID impact.

Assuming the fact that China being the epicenter of the COVID-19 crises; would bring a psychological shift in global procurement priorities from China to alternate sources.

COVID-19: EXPECTED ADVANTAGE FOR INDIAN HANDICRAFTS

As a result of the global COVID crises, it is witnessed that the western economies are badly battered while countries like India, Indonesia, etc. are not so battered. Emotional and Economic backlash against China is expected. Already, countries and companies are working on strategy to pivot away from China as part of their supply chains. Japan Govt has announced packages for its companies bringing back manufacturing home.

Consumer behavioral shift post COVID Impact on Indian handicraft exports	
For individuals, health and safety will become a priority area of consumer spending	Handicraft products like khadi mask, organic clothing, cotton textile wears etc. would gain edge
The ticket size of spending will drop for a while. People will spend on cheaper goods than on expensive goods, or delay spending for a while	Gift items and other high priced handicraft products would face a setback.
Extreme acceleration in digital economy	EPCH members needs to be promoted to have their own websites and look for rigorous E-commerce marketing. Councils needs to plan virtual trade fair
People will be less loyal towards brands as other aspects will take over. People will switch brands faster due to various other concerns like safety, etc.	Shift in brand loyalty would mean opportunity for MSMEs against bigger brands. Except for the fact that price competitiveness and design innovation will be most important focus. It's time for survival of the fittest.

Businesses need to keep this in mind and work accordingly. As a result of this, there is an expected shift in consumer behavior post COVID which might impact the purchasing behavior towards handicrafts. Indian businesses therefore need to try to become the contract manufacturer of the world, just like China is. India needs to make use of this opportunity smartly.

COVID impact is quite visible in shift of consumer preference

Opportunity For India

Global buyers of textiles, homeware, lifestyle goods, ceramic tiles looking for Indian products

Replacement buying enquiries from US, EU

THE CONSTRAINTS

Leather footwear cos dependent on Chinese components

Supply chain disruptions to hit India

Global buyers are turning to India to source ceramics, homeware, fashion and lifestyle goods, textiles and furniture from the country as China grapples with the deadly coronavirus outbreak.

Cevisama 2020 ceramics fair in Spain, some 55 Indian companies have drummed up greater interest from buyers owing to muted competition from China.

Clients in the US and the EU have also set their sights on India for labour-intensive products such as garments. Indian exporters have received enquiries above Rs. 10 crore from the EU and US.

CHAPTER 2

INDIAN HANDICRAFTS EXPORTS: PRE-COVID STATUS

INDIAN HANDICRAFT SECTOR: SNAPSHOT

The handicrafts sector is of importance to the Indian economy as it is one of the largest employment generators and account for a significant share in the country's export. The state and regional clusters contribute significantly to handicrafts export. The Indian handicrafts industry is fragmented with more than seven million regional artisans and over 67,000 exporters/export houses promoting regional art and craftsmanship in the domestic and global markets. Exports from the sector aggregated to Rs 24,500 crore. Handicrafts embody the rich cultural heritage and traditions of India. There are a total of 744 handicraft clusters in India engaging nearly 2,12,000 artisans, offering more than 35,000 products. The major clusters are in Surat, Bareilly, Varanasi, Agra, Hyderabad, Lucknow, Chennai, Ranipet, Mumbai, Kanpur, Farrukabad, Saharanpur, Etikoppaka, Jaipur, Asharikandi, etc. The table below shows the handicraft categories produced in India:



ARTWARE

Brass Metalware, Bidri work, Dhokra, Bell Metal, Bells & Chimes, Candle Holders, Candle Sconces, Fireplace, Flower Vases, Jewelry boxes, Utensils etc.



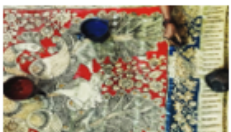
WOODWARE

Almirah, Beds, Cabinets, Chairs, Home Temples, Mirror Frames, Side Boards, Sofa sets, Stools, Tables etc.



EMBROIDERY & CROCHET GOODS

Zardozi, Parsi work, Kashmiri Crewel Embroidery work, Phulkari work, Kasuti, Chikankari, Crocheted work, Kantha Embroidery, Mirror Work



HANDPAINTED TEXTILES & SCARVES

Kalamkari, Tie and Dye, Block Printing, Bed covers, Carpets, Coverlets, Curtains, Cushion covers, Duvets, Kitchen Towels, Quilts, Rugs & Mats, Sofa



IMITATION JEWELLERY

Anklets, Armlets, Bangles, Bracelets, Brooches, Chokers, Cufflinks, Earrings, Necklaces, Pearls, Pendants, Rings, Toe Rings etc.

Out of these traditional production strengths, main handicraft items exported by India include house-ware, home textiles, furniture, glassware, bamboo goods, fashion jewelry and lamp and lighting.

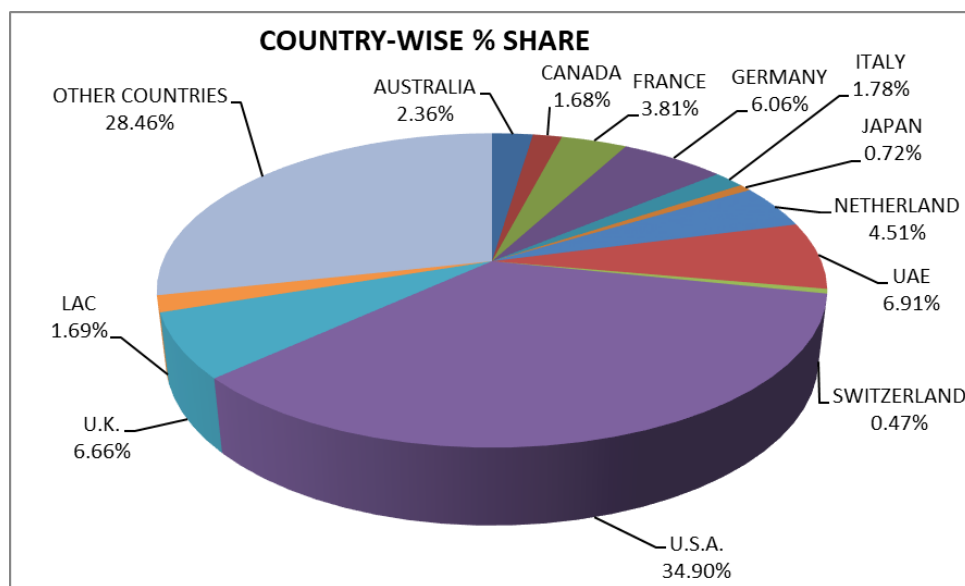


Annexure I details out the entire list of 167 HS code divided into five categories:

- Lifestyle
- Fashion
- Home
- Textiles
- Furniture

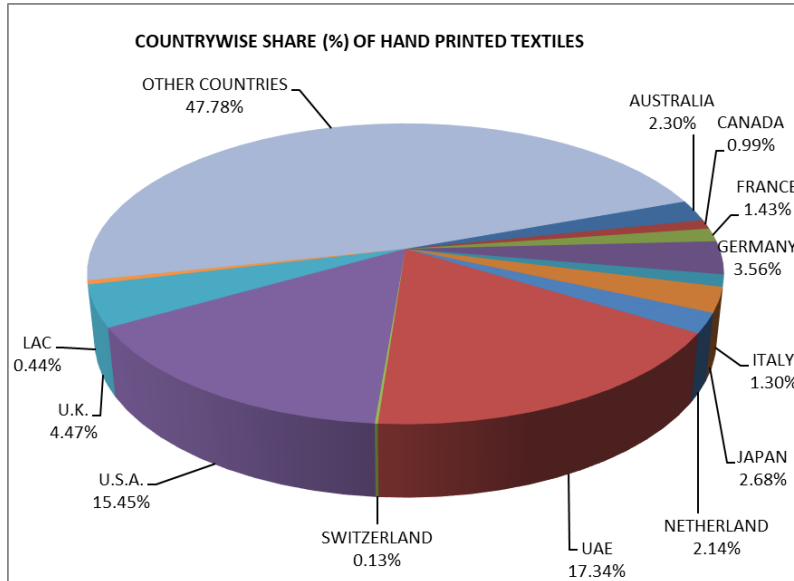
Major export destinations for domestic handicrafts items include the US, Europe, South America, Africa and China. Other markets include UAE, Australia, Canada and Japan. The US and Europe together account for about 60 per cent of the country's total handicraft exports.

INDIAN HANDICRAFTS: COUNTRY WISE EXPORT SHARE



USA was the highest in importing of handicrafts among all the importing countries of the world, which was 34.90 percent share of the total export. Further, followed by UAE, UK, Germany, Netherland and France were having the percentage share of 6.91, 6.66, 6.06, 4.51 and 3.81 respectively in the import of handicrafts during the year. These five countries have more demand for the handicraft products produced by India, which was more than 64 percent of the total export during this year.

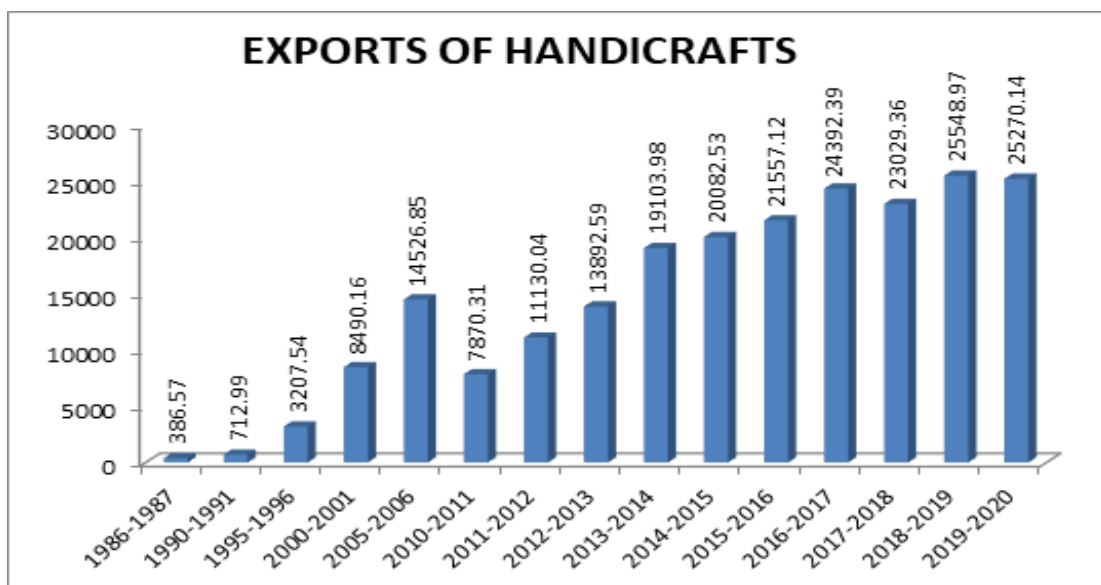
Export Markets for Hand-printed Textile



There are many popular bunches of embroidery such as Chikankari and zardozi of Lucknow, Katha of Bengal, phulkari of Punjab, Kutchi embroidery of Gujarat and Kashidakari of Kashmir.

Some of the important centers of the craft are in Hyderabad, Machalipattanam, Varanasi, Farrukabad, Bagh, Behrongarh, Mandar, Burhanpur, Ahmedabad, Rajkot, Kutch, Bagru, Chittroli, Sanganer, Indore, Jaipur, and Jodhpur.

Trend in Indian Handicraft exports (1986-2020)



Source: DGCIS, 2020

Handlooms and Handicrafts Sector craved for growth since quite a few years, which has now actually turned prolific. No doubt, India has an edge against its competitors like China, Philippines, Thailand, Taiwan and Korea who generally produce machine-made products. Indian handmade products have a niche market all over the world creating a distinct impact through exclusive designs, workmanship, finesse, colors and raw material.

“India is failing to raise its share in the global market, beyond 2% for a long time. confronting challenges due to increased competition from machine-made products of China.”

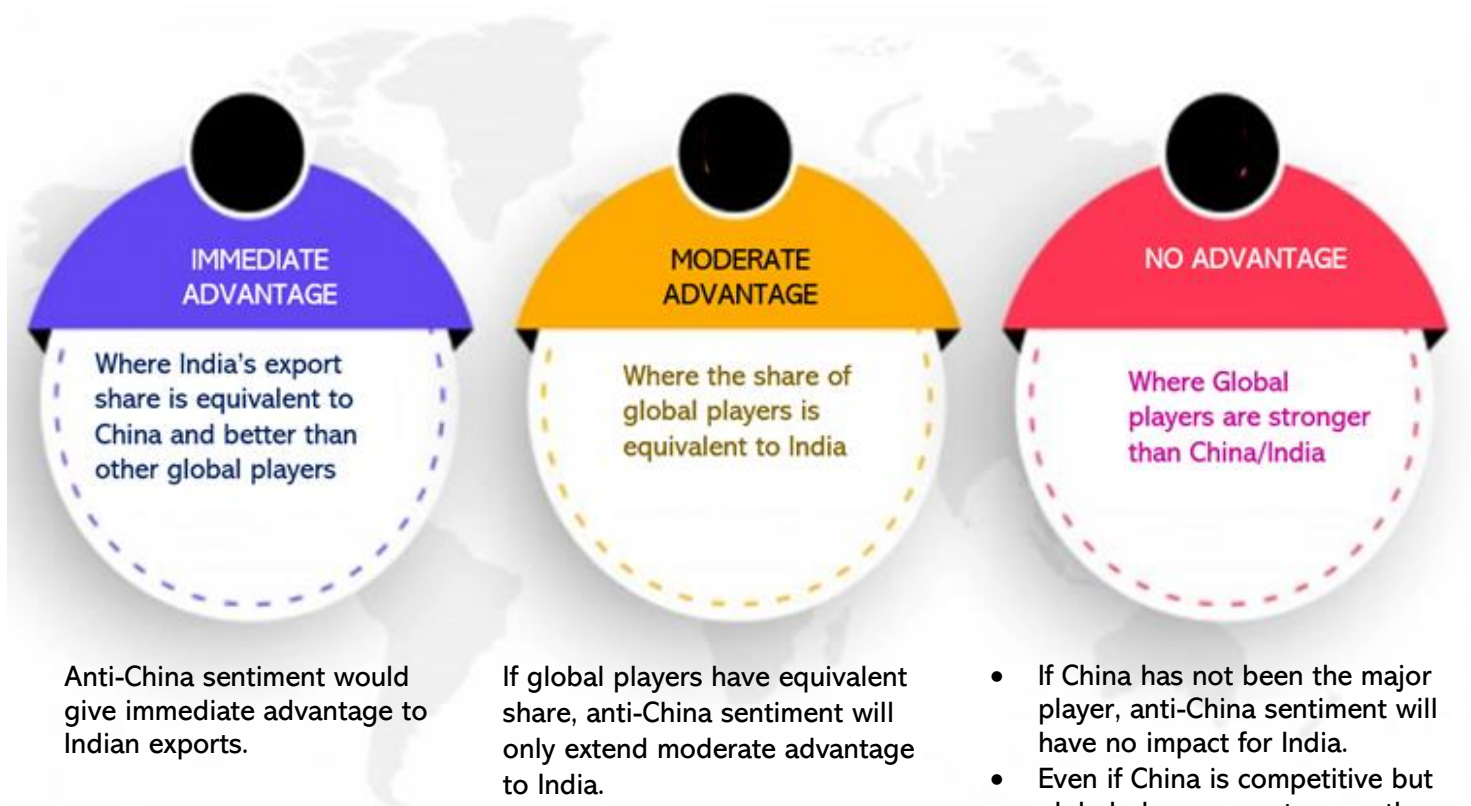
However, despite these promising trends, India is failing to raise its share in the global market, which has remained at around 2% for a long time. Globalization has involved changes in economic structure, relative prices, consumption possibilities and pattern, which in turn affects the growth of the sector. The handicraft industry is confronting challenges due to the intervention of new technology and also increased competition from different countries and especially, from machine-made products. Indian products are now facing challenges of price competitiveness from other countries like China which have mixed craft with the latest technology.

India is still to introduce such innovative technologies in the handicraft sector. Appreciating the fact that the world handicraft market would be worth \$ 1091.2 billion by 2024, expanding at 11%, annually compounded, during 2019-2024; it is worth exploring the status of India versus other global players especially China in each of the 167 HS codes carrying huge production strength for India.

WILL ANTI- CHINA SENTIMENTS GIVE ANY TRADE ADVANTAGE TO INDIAN HANDICRAFTS?

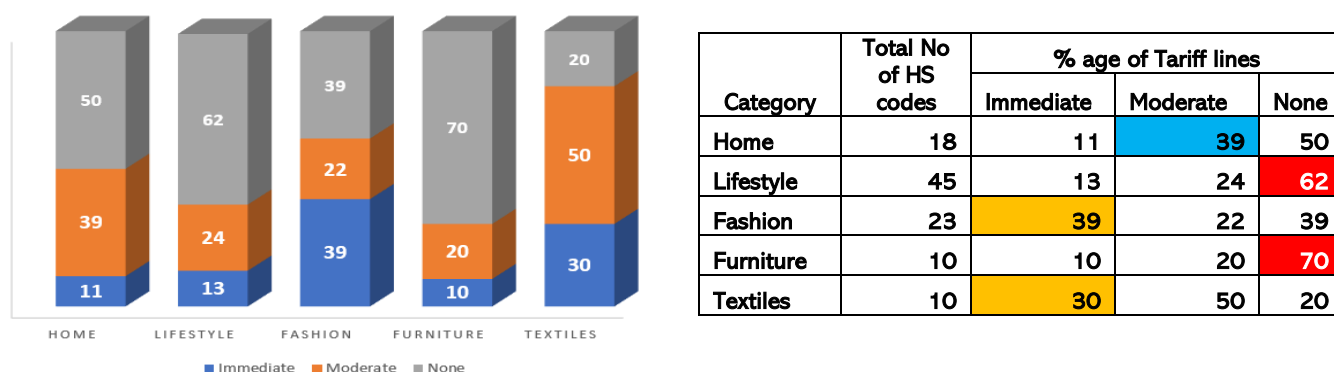
As analyzed, China have been losing its market share in countries like USA, EU, Latin America, GCC etc. which have been traditional export markets for Indian handicraft exports. Also, the products where it has lost market in handicraft category includes furniture, textiles and apparel and its accessories, iron and steel articles (wrought iron handicraft products), footwear, toys and games. Most of these product categories seem to be having great export potential across various handicraft clusters of India.

The section below therefore analyses the impact of all 167 HS codes of export interest to EPCH and compares India's export share with that of China versus other global exporters. The HS codes are then divided into three categories:



As seen in the table below, immediate advantage goes to products in fashion (39%) and textiles (30%) categories, while moderate opportunity goes to handicraft products in home. (39%). Lifestyle and furniture category products are expected to have minimum opportunity.

TRADE OPPORTUNITY FOR INDIAN HANDICRAFTS: IMPACT ANALYSIS



Source: Author's estimation as per ITC, 2021

Annexure II details out the analysis depicted in the table below. Many products including aggarbatti, table, kitchen and household articles captured a decent market share in the world just next to China and hence the fall of China is expected to shift the focus of global sourcing towards India. Similarly, in category of lifestyle products where Indian exporters should focus includes extracted oleoresins, wallets, purses, key-pouches, cigarette-cases, tobacco-pouches, handmade paper and worked vegetable or mineral carving material.

China's fall: India's Advantage? HS code wise analysis (Annexure III)

Category	Immediate	Moderate	None
Home	330741, 741810	442191, 700992, 701349, 741999 830630, 960310, 960899	691110, 691190, 691200, 701328 701333, 701337, 701341, 970400 970500
Lifestyle	330190, 420231, 460199, 480210, 960200, 961400	340600, 420229, 441400, 441919, 460219, 482390, 702000, 761510, 830610, 830621, 940550	330749, 392310, 420239, 442010, 460129, 482370, 660200, 691310, 691390, 701391, 701890, 830629, 920290, 920590, 920600, 940510,

			940530, 950300, 950510, 950590, 960622, 970110, 970190, 970200, 970300, 970400, 970500, 970600
Fashion	560500, 580900, 581010, 611710, 630790, 681599, 711311, 960190, 960200	580810, 581092, 701810, 711719, 711790	581100, 610431, 640320, 650400, 650500, 670100, 711711, 830890, 960110
Furniture	442090	940360, 940389	460211, 460212, 940330, 940350, 940390, 950300, '940382
Textiles	580430, 580500, 940490	581100, 630411, 630491, 630790, 640610	580410, 670290

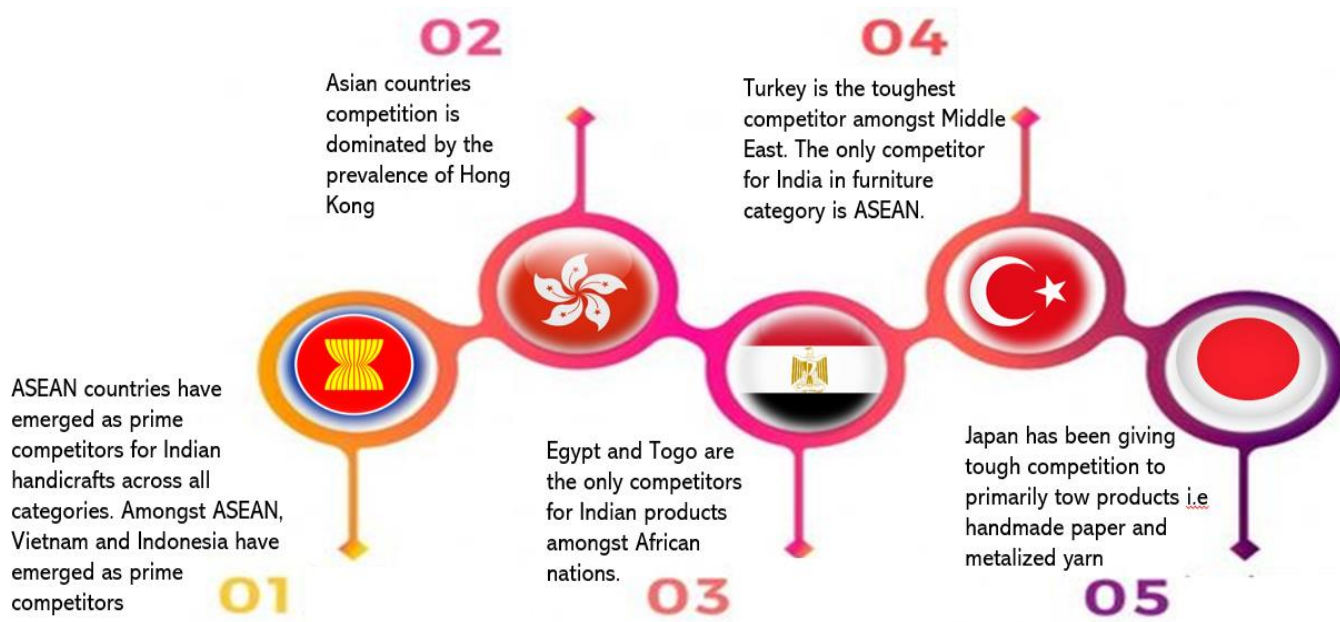
Source: Author's estimation as per ITC, 2021

Products amongst fashion category where Indian exporters have immediate advantage includes; metallized yarn, woven fabrics of metal thread, embroidery on a textile fabric ground without visible ground, articles of stone, articles of jewelry and worked bone and tortoiseshell. Indian doesn't have any major advantage in furniture products where the only product worth considering includes wood marquetry and inlaid wood; caskets and cases for jewelry or cutlery. Textile sector carries maximum advantage amongst all the handicraft categories where products carrying utmost opportunity includes handmade laces, tapestries handmade, mattress support and bedding material.

GLOBAL COMPETITION FACED BY INDIAN HANDICRAFTS: APART FROM CHINA

The reason for product having either moderate or no advantage of the fall of China was attributed to strong presence of global competing players. While European nations were predominant competitors across almost all the product categories; even emerging markets of ASEAN, Asian Pacific including Korea and Japan and South Asian countries including Srilanka and Pakistan were found to be better market players as compared to India in most of the products. Hence if Indian government or Indian exporters intend to make their presence in the said products, they would need to cater to strong competition arising from these countries apart from China.

Figure below summarized from the data in the table below highlights the status of global competition faced by Indian exporters across different handicraft categories. Annexure I details it our further.



GLOBAL COMPETITORS (APART FROM EU) IN CATEGORY: Textiles

Africa and Middle East			ASEAN/Asia		
HS code	Product	Country	HS code	Product	Country
580500	Tapestries handmade	South Africa	670290	Others of all material	Hong Kong
580410	Tulls and nets other than textiles	Turkey	580410	Tulls and nets other than textiles	Chinese Taipei
580430	Handmade laces		580430	Handmade laces	Pakistan
630411	Bed spread knitted or crochet		640610	Emb uppers of textile material	Vietnam

CHAPTER 3

SURVIVAL STRATEGY FOR INDIAN HANDICRAFTS

COMPARATIVE QUADRANT ANALYSIS FOR IDENTIFIED CATEGORIES

Based on the above rationale and category-wise analysis; corresponding policy suggestions are listed in the subsequent section. Graphs below illustrates the status of all the products across different categories, which have been organized as per their performance on the two parameters indicated above. Bubble graph on world imports in each of the categories; depicts status of individual products across four quadrants based on the above two parameters:

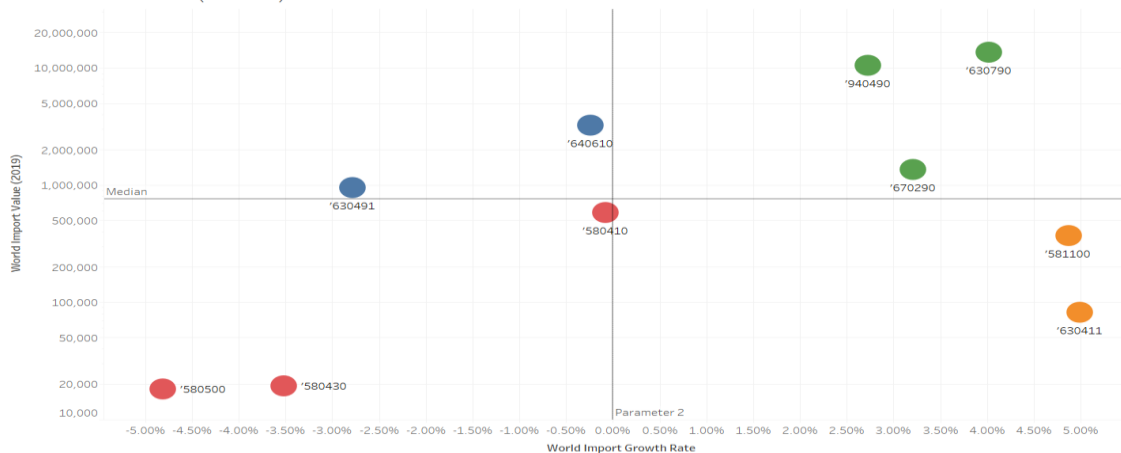
Color Coding	Growth 2014-20	Absolute value 2020
	High	High
	High	Low
	Low	High
	Low	Low

Once the HS codes in each category is distributed across 4 quadrants based on their status in world imports, the same products are then mapped across another 4 quadrants based on their status in India's exports. Finally; the policy recommendations HS code-wise is suggested as per the above-mentioned rationale.

CATEGORY: TEXTILES

WORLD IMPORT VALUE VS GROWTH

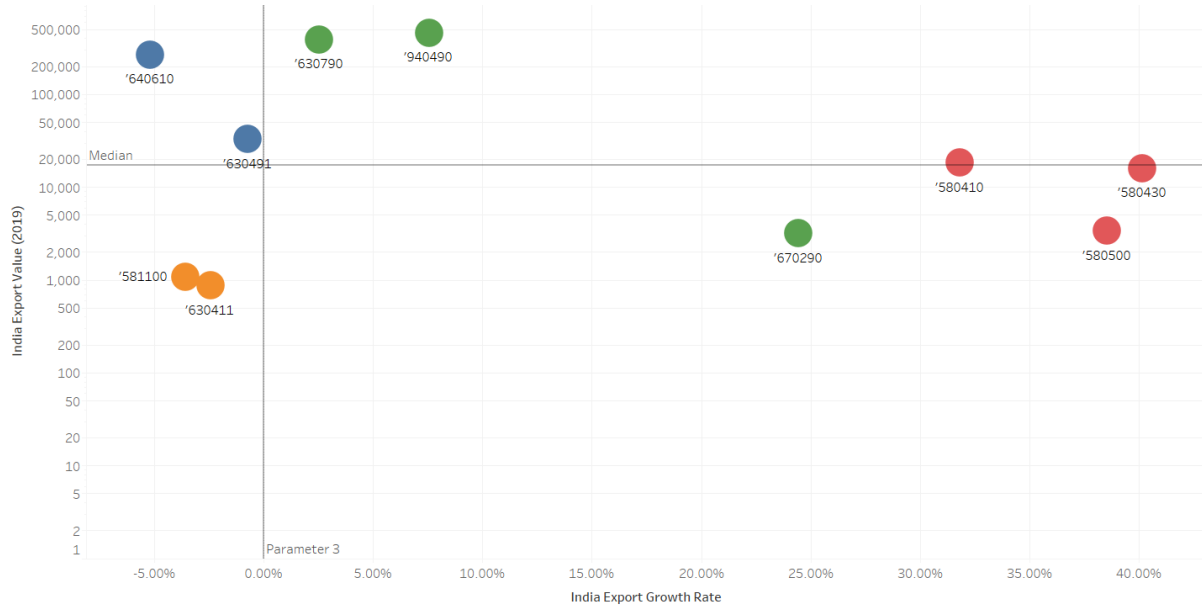
WI Value vs Growth (Textiles)



Sum of World Import Growth Rate vs. sum of World Import Value (2019). Color shows details about Quadrant Color. The marks are labeled by Code1. The data is filtered on Category1, which keeps Textiles.

INDIAN EXPORT VALUES VS GROWTH

INDEXP Value vs Growth (Textiles)



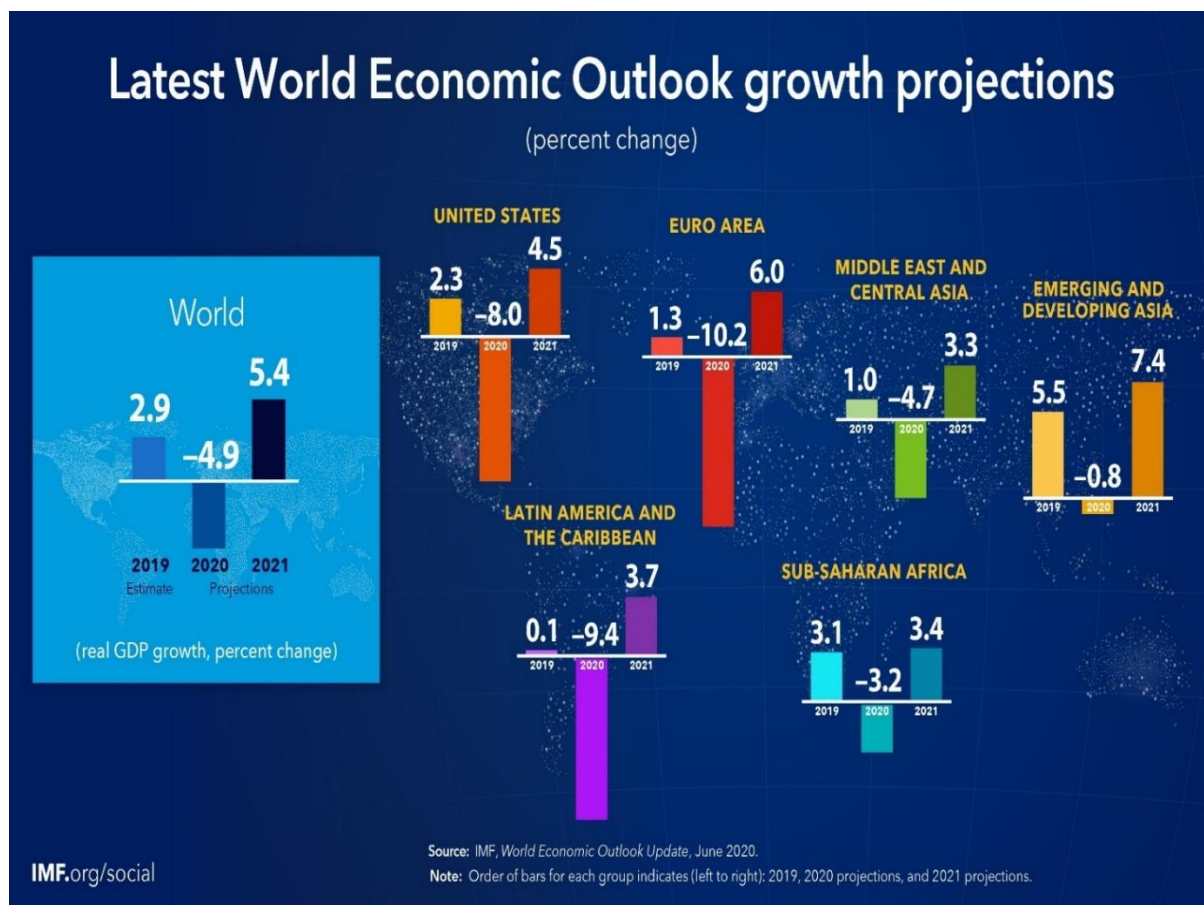
Sum of India Export Growth Rate vs. sum of India Export Value (2019). Color shows details about Quadrant Color. The marks are labeled by Code1. The data is filtered on Category1, which keeps Textiles.

CHAPTER 4

EXPORT PROMOTION FOCUS POST COVID

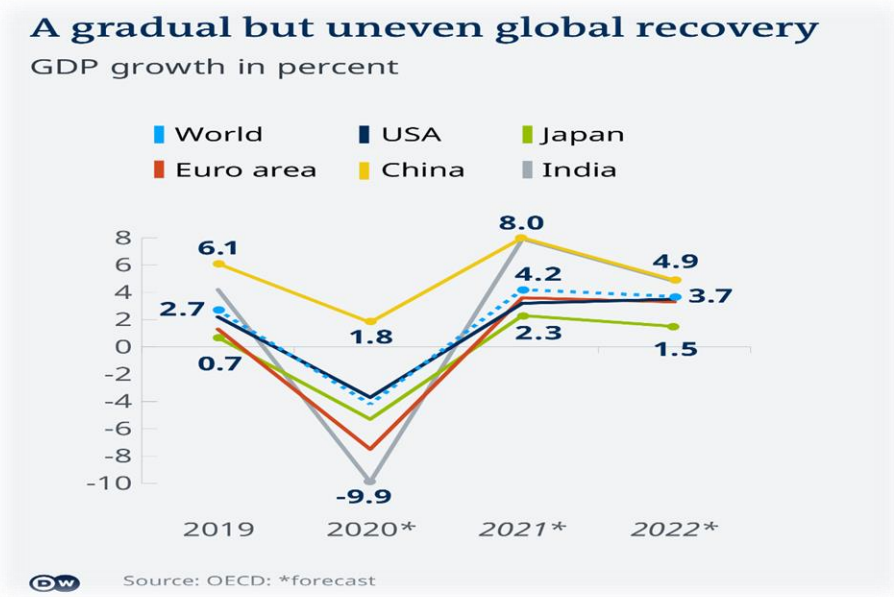
POST COVID DEMAND ANALYSIS: FORECAST 2025

Since the COVID-19 crisis began, global GDP has fallen by 4.2%. Although the pandemic has had a devastating economic effect around the world, it is expected to return to pre-pandemic levels by the end of 2021. This revival of economy post covid would vary from one region to another. Europe is expected to see GDP growth of 5.2% in 2021, while for the United States, that figure is just 3.1%.



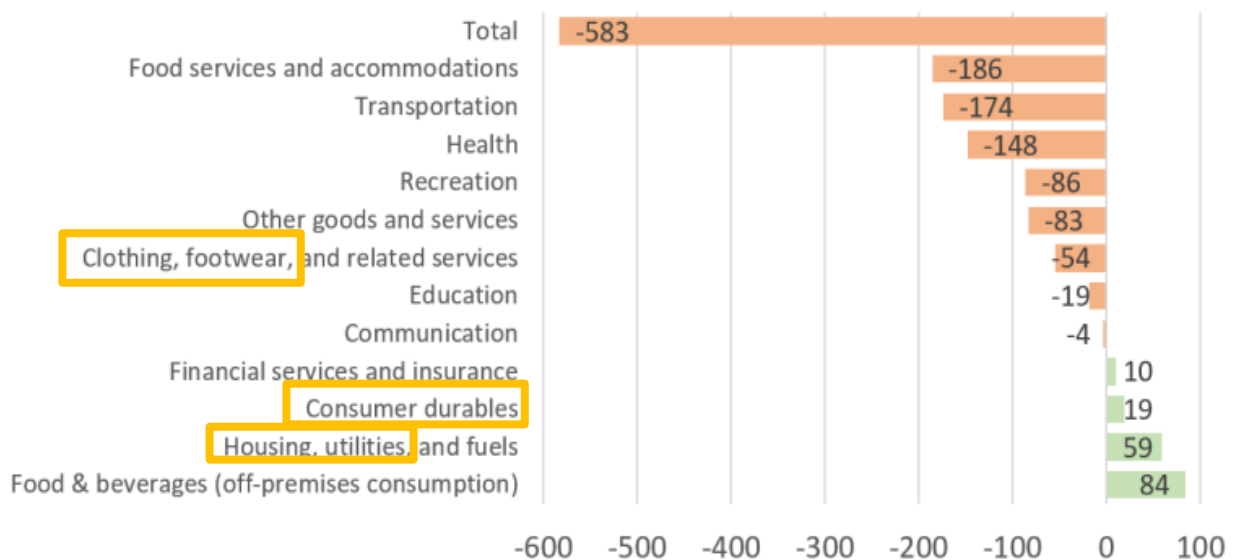
Asian countries, in contrast have recovered much faster and are projected to see GDP growth of 8% this year – in particular, China, which experienced only a moderate dip in 2020 and which the International Monetary Fund (IMF) predicts will

see 8.2% in real GDP growth in 2021. The output in many other countries is projected to remain around 5% below pre-crisis expectations in 2022. OECD has projected global GDP to rise by around 4.2% in 2021 and by a further 3.7% in 2022.



According to the Organization for Economic Development (OECD), while global GDP should rise by around 4¼% by the end of 2021, national bounce-back could be uneven. This would change the consumer spending across different countries.

In 2020, American consumers shifted their spend from services to retail goods, with groceries and consumer durables like home appliances outpacing restaurants and travel as consumer spending held steady over the summer months.

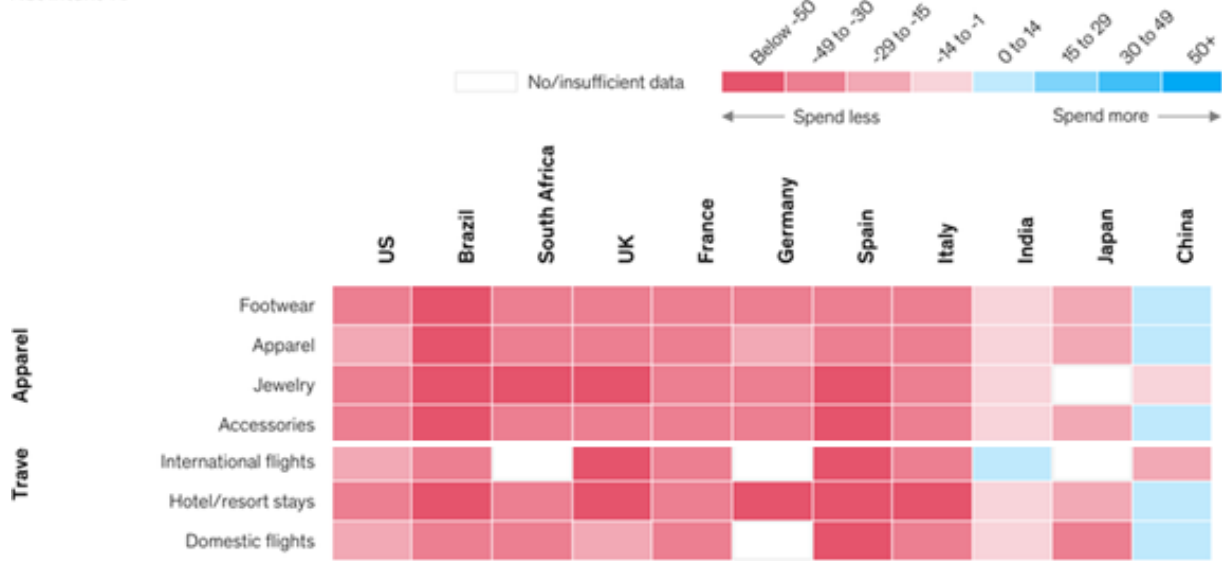


But in Asian countries with greater optimism around a COVID-19 recovery, spending is higher on items such as clothing, cars and hotels, and consumers are more likely to shop differently to the way they did before the pandemic.

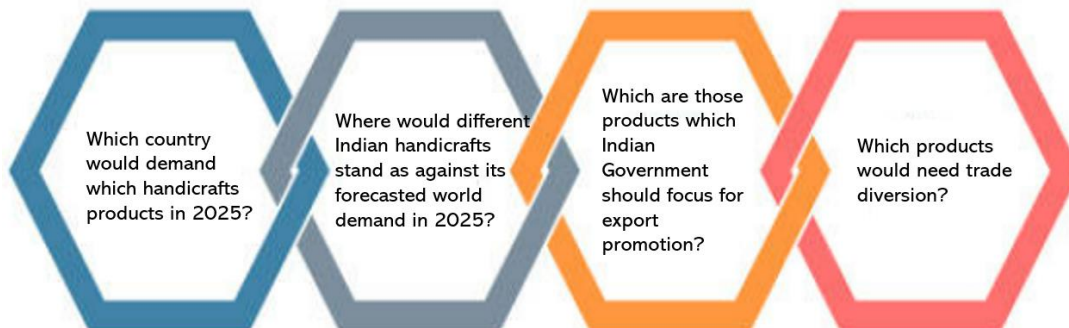
Outside of China and India, global consumers anticipate pulling back on spending.

Expected spending per category over the next two weeks compared to usual¹

Net intent %²



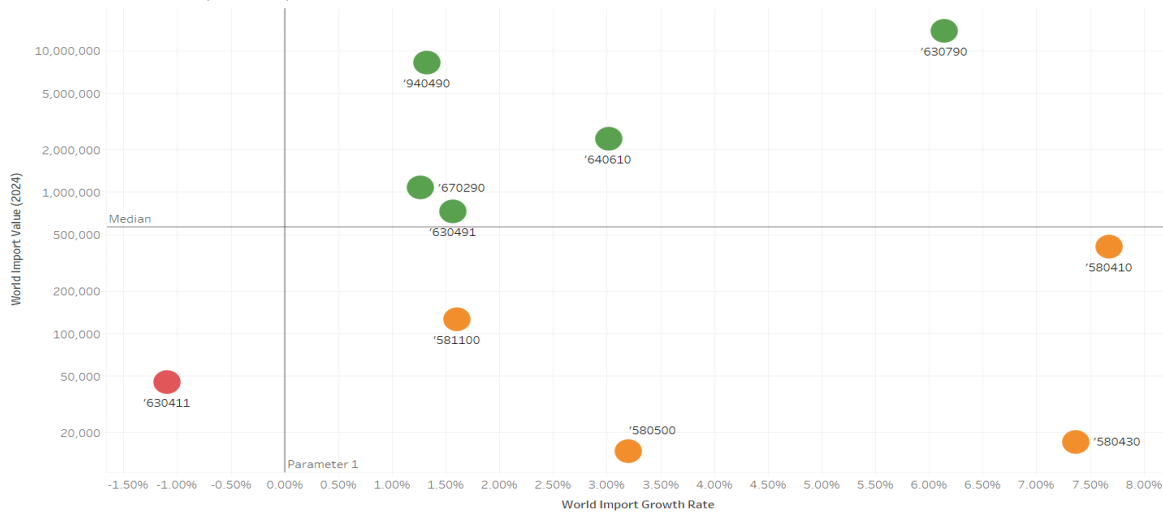
The above data highlights the fact that while global GDP should rise by around 4¼% by the end of 2021, national bounce-back could be uneven. This would change the consumer spending differently across different products and nations. This section therefore analyses the world import demand for handcraft products forecasted for 2025 across different categories. Analysis further dwells into an interesting comparison of the status of India’s exports in 2025 as against that of the world. This would highlight the fact about:



CATEGORY: TEXTILES

WORLD IMPORT VALUE VS GROWTH

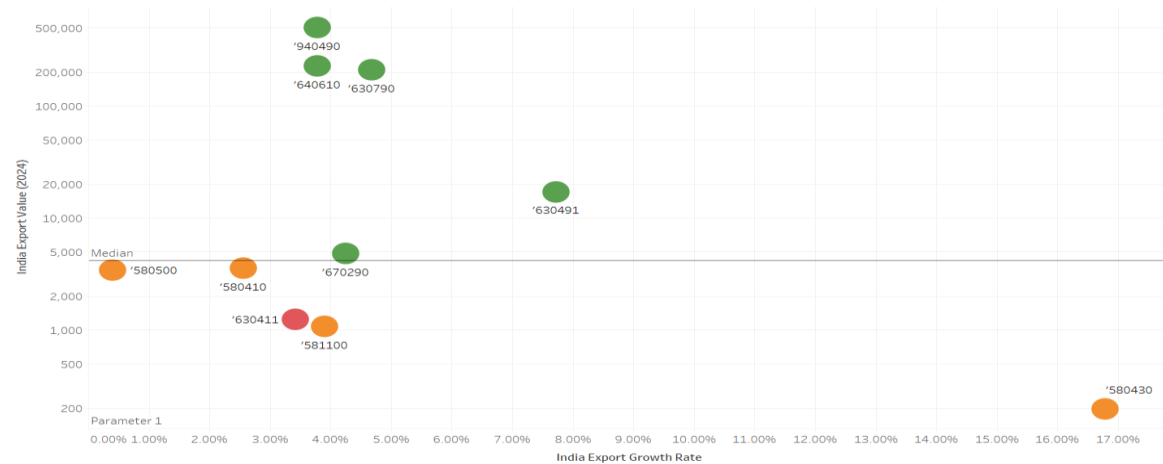
WI Value vs Growth (Textiles)



Sum of World Import Growth Rate vs. sum of World Import Value (2024). Color shows details about Quadrant Color. The marks are labeled by Code1. The data is filtered on Category1, which keeps Textiles.

INDIAN EXPORT VALUES VS GROWTH

INDEXP Value vs Growth (Textiles)



Sum of India Export Growth Rate vs. sum of India Export Value (2024). Color shows details about Quadrant Color. The marks are labeled by Code1. The data is filtered on Category1, which keeps Textiles.

Analysis of the above two tables for textiles highlight great competence and dominance of India in HS codes 940490 (Eye Pillows – 94049099), 630790 (Table Top - 63079020), 640610 (Embroidered Uppers – 64061010) and 630491 (Furnishing Artcils, Knited/Crocheted – 63049120). Fortunately, these are also the products where the world demand is expected to be maximum within textile category. However, India would need to gear up for 670290 (Flower Wooden – 67029090). Clusters focusing on the production and exports of 630411 (Bedspreads – 63041100) should not be encouraged further understanding a sharp decline in the global demand by 2025. Other impregnated textile performance is in sync with that of the world demand.

PRODUCT SELECTION OF UTMOST IMPORTANCE CATEGORYWISE ANALYSIS

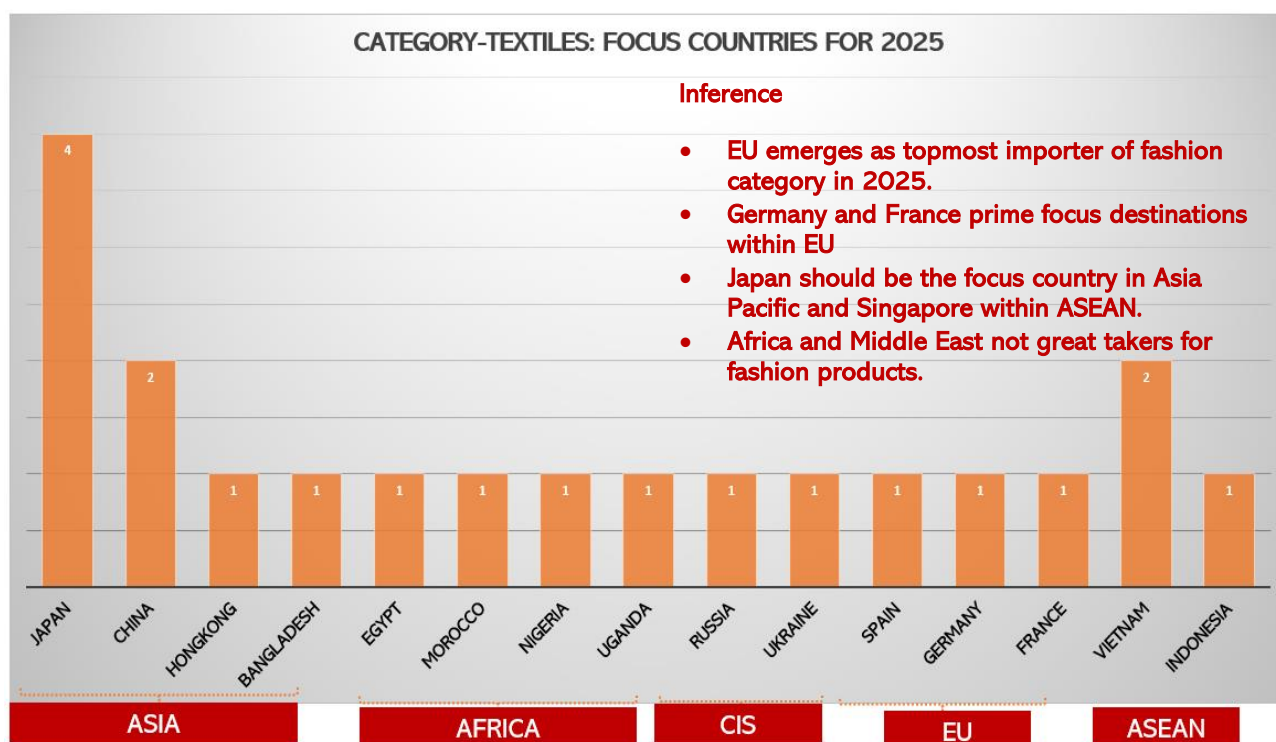
All Products					
World imp..	RCA India..	RCA	India R..	China fall im..	
High	High	Rising	More	Moderate	741999
			Less	Moderate	441990
		Fluctuating	More	Immediate	960190
				Moderate	482390
Moderate	High	Fluctuating	More	Immediate	711311 420231
				Moderate	701810 640610
		Less	Moderate	711790 700992	
				Immediate	581010
Moderate	High	Rising	More	Immediate	960200 442090 741810 580430
				Moderate	830610
		Less	Immediate	480210	
				Immediate	560500 580500
Moderate	Rising	More	Moderate	580810 830630 830621	
				Immediate	580900
		Less	Moderate	960310 960899 340600	
				Moderate	460219

Above 27 HS codes are of utmost important and deserve a focused policy focus towards sustaining the market share. All these identified commodities fair quite well across all the parameters wherein Indian handicraft exporters as well as the Government can be assured of sustainable import demand in the global market by the end of 2025 with India having a great comparative advantage and expected to have a decent share of exports in global market. Other Important HS code

Textiles			
Order of selection	Product		
940490	EYE PILLOWS - 94049099	630411	BEDSPREADS - 63041100
630491	FURNISHING ARTICLES,KNITED/CROCHETED - 63049190	580410	TULLES - 58041090
630790	TABLE TOP - 63079020		
581100	HAND EMBROIDERED GARMENTS - 58110010		
670290	FLOWER WOODEN - 67029090		

MOVING BEYOND TRADITIONAL MARKETS: COUNTRY-CATEGORYWISE ANALYSIS

One of the reasons for poor comparative advantage or declining RCA values for past few years could be due to mismatch between India's prime export markets versus global markets where import demand is increasing. Hence a shift from old traditional destinations to newer emerging markets could help Indian exporters pick up the products in this category. Suggestions towards new possible markets product wise is listed below:



CHAPTER 5

INDIA'S TRADE AGREEMENT

EX-POST ANALYSIS & WAY FORWARD FOR INDIAN HANDICRAFTS

COUNTRY-HS CODEWISE ANALYSIS

Reality Check: Indian export markets versus Prime global importers (HS code wise analysis)

Category: Textiles

HS code	Product	India's export destination not so promising	Top Global importers, India should target
580410	TULLES - 58041090	UAE, Israel, USA, Australia, South Korea	Viet Nam, Indonesia, China, Hong Kong, Bangladesh
581100	HAND EMBROIDERED GARMENTS - 58110010	USA, Nepal, Bhutan, France, Australia	Egypt, Morocco, Viet Nam, China, Russian Federation
630411	BEDSPREADS - 63041100	Israel, Nepal, Yemen, USA	Nigeria, USA, Ukraine, Poland
630491	FURNISHING ARTICLES, KNITTED/CROCHETED - 63049190	USA, Ghana, Congo, Ethiopia	USA, Spain, Uganda, Japan
630790	TABLE TOP - 63079020	UAE, USA, UK, Nigeria	USA, Germany, France, Japan
940490	EYE PILLOWS - 94049099	USA, France, UK, Australia, Netherlands, Germany	USA, Japan, Germany, UK, Canada, France

RTA ANALYSIS IN PRIME IMPORTING COUNTRIES

Appreciating the fact that trade agreements aim at reducing the import duty rates and hence are expected to make country's export more price competitive as against other competing suppliers in the importing country. This section hence compiles a comparative chart between the prime export markets for India versus the top 5 prime global importers in the same HS code. This would give us a reality check of India's future course of policy focus from old traditional destinations to new destination as emerging markets.

Reality Check: Indian export markets versus Prime global importers (HS code wise analysis)

Category: Textiles

HS code	India's export destination not so promising	Top Global importers, India should target
580410	UAE, Israel, USA, Australia, South Korea	Viet Nam, Indonesia, China, Hongkong, Bangladesh
581100	USA, Nepal, Bhutan, France, Australia	Egypt, Morocco, Viet Nam, China, Russian Federation
630411	Israel, Nepal, Yemen, USA	Nigeria, USA, Ukraine, Poland
630491	USA, Ghana, Congo, Ethiopia	USA, Spain, Uganda, Japan
630790	UAE, USA, UK, Nigeria	USA, Germany, France, Japan
940490	USA, France, UK, Australia, Netherlands, Germany	USA, Japan, Germany, UK, Canada, France

Global importers marked in red against each product are the ones that Indian handicraft exporters should aim to shift to from its traditional export destinations considering high import demand of these products in these markets. While these markets should be the focus areas both for Indian Govt. as well as handicraft exporters; it is equally important to analyze the feasibility of Indian exporters to enter these new markets

CATEGORY: FASHION

HS code	Importing Country	Signing RTA beneficial	Non Price Factors more prevalent	Price Sensitivity	Major Competitors	Fall of China Impact
581100	Egypt	No	No	Yes	China	Positive
	Morocco	Yes	Unknown	No	Spain / China	Positive
	Vietnam	Yes	Unknown	Yes	China / Japan	Negative
	China	No	Unknown	No	Japan / Korea	NA
	Russia	Yes	Unknown	Yes	China / Turkey	Positive
610431	South Korea	No	Unknown	No	Italy	Positive
	Germany	Yes	Unknown	No	China	Positive
	Hong Kong	No	Unknown	No	China	Positive
611710	Germany	Yes	Unknown	Yes	Bangladesh / Netherlands	Positive
	France	Yes	Unknown	Yes	Netherlands	Positive
	China	No	Yes	No	Japan / Korea	NA
	Russia	No	Yes	No	China / Turkey / Belarus	Positive
630790	Germany	Yes	Unknown	Yes	China / Vietnam / Hong Kong	Positive
	France	Yes	Unknown	Yes	China / Vietnam / Hong Kong	Positive
	Japan	No	Yes	No	Vietnam / China	Positive
650400	Germany	No	No	Yes	Poland / France	Positive
	France	No	Unknown	Yes	China / Netherlands / Vietnam	Positive
	Japan	No	Unknown	Yes	China / Italy / Thailand	Positive
650500	France	No	Unknown	Yes	Italy / Netherlands	Positive

670100	Japan	No	Unknown	Yes	China / Vietnam / Thailand	Positive
	China	No	Yes	No	NA	Negative
	UK	No	Yes	No	Germany / China	Positive
711711	Saudi Arabia	Yes	Yes	No	France / Switzerland	Positive
	China	No	Yes	No	Italy / France	NA
	Germany	Not Much	Yes	No	Italy / China	Positive
711719	France	Yes	Yes	No	Italy / China	Positive
	Germany	Yes	Yes	No	Austria / France / Thailand	Positive
	China	No	Yes	No	Italy / France	NA
	Japan	No	Yes	No	Korea	Positive
830890	France	Yes	Yes	No	China	Positive
	Hong Kong	No	Unknown	No	China	Positive
	Italy	Yes	Yes	No	USA	Negative
	Germany	Yes	Yes	No	China	Positive

581100 Quilted textile products Egypt, Morocco, Viet Nam, China, Russian Federation

	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
Egypt									
China	60809	99.7	4209	10	10	4630	4 630	0.05	No scope to combat China due to very high price. Even RTA would not help. But after Chinese fall can compete with others.
Turkey	79	0.1	11286	10	10	12415	12415	0.00	
Spain	52	0.1	13000	10	10	14300	14300	0.00	
Thailand	51	0.1	12750	10	10	14025	14025	0.00	
India	14	0	14000	10	0	15400	14000	0.00	
Morocco									
Spain	12572	67.8	12411	0	0	12411	12411	0.33	Import duty is 2.5% as against 0% for L2. Stiff competition from Spain.
China	2631	14.2	4513	2.5	2.5	4626	4626	0.08	
Turkey	1438	7.8	5706	0	0	5706	5706	0.01	
Portugal	616	3.3	7333	0	0	7333	7333	0.04	
India	5	0	0	2.5	0	0	0	0	
Vietnam									
China	9402	58.7	7357	12	12	8240	8240	1.09	Even if China falls, stiff competition from Japan in Vietnam facing 1% tariff as against 8% for India. Should negotiate for RTA in India ASEAN FTA.
Japan	3215	20.1	13285	1	1	13418	13418	4 .66	
Hong Kong, China	761	4.7	16911	12	12	18940	18940	0.30	
Korea, Republic of	704	4.4.	13283	0	0	13283	13283		
India	0	0	0	8	0	0	0	0	
China									
Japan	6178	39.3	18171	8	8	19625	19625	0.79	No Scope in China due to stiff competition from Japan and Korea.
Korea, Republic of	5063	32.2	9571	1.6	1.6	9724	9724		
United States	1943	12.4	17991	8	8	19430	19430	0.00	

of America									
India	0	0	0	7.5	0	0	0	0	
Russian Federation									
China	8666	57.9	3581	13	13	4046.5	4046.5	0.4	Despite huge import share of China and Turkey, TII value not that great. India can take the chance using MEIS FMS for CIS.
Turkey	4043	27	4376	13	13	4944.9	4944.9	0.0	
Italy	850	5.7	6159	13	13	6959.7	6959.7	0.1	
Belarus	442	3	3007	0	0	3007.0	3007.0	0.3	
India	0	0	0	13	0	0	0	0	

For 581100, enhancement of the TII should be major focus. Non-price factors like quality, innovation would be important. Price sensitivity would play a key role with the fall of China.

610431	Women's or girls' jackets of wool	South Korea, Germany, Hongkong, Italy, USA
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	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
South Korea									
China	10,848	22.2	180,800	7.8	7.8	194902	194902	2.60	India needs to gear up with Italy if we need to enter the market.
Italy	1,453	18.8	181,625	0	0	181625	181625	1.97	
UK	309	1.5	154,500	0	0	154500	154500	5.41	
Mexico	53			13	13			1.61	
India									
Germany									
Italy	2,304	21.7	153,600	0	0	153600	153600	4.79	Significant benefit by RTA. In terms of price, India is close to China, hence if China falls, India can potentially take up the market. Other European competitors would be difficult due to high TII
China	1,890	17.8	65,172	12	12	72993	72993	0.85	
Austria	1,211	11.4	201,833	0	0	201833	201833	19.45	
Romania	1,080	10.2	108,000	0	0	108000	108000	15.88	
India	84	0.8	84,000	9.6	0	92064	84000	0.21	
Hong Kong									
China	4,165	40.2	109,605	0	0	109,605	109,605	0.70	FTA or RTA won't make a difference. If India can be price competitive, maybe proximity can play in favor of import if China falls
Italy	2526	24.4	109,826	0	0	109,826	109,826	2.00	
France	660	6.4	110,000	0	0	110,000	110,000	1.27	
Japan	522	5	104,400	0	0	104,400	104,400	1.38	
India	3	0		0	0			0.05	

610431 is price sensitive set of products as deduced from the analysis. Hence, if India works on price competitiveness through FTA or RTA or manufacturing efficiency, it can capture a market if China falls

611710	Shawls, scarves, mufflers, knitted or crocheted	USA, Germany, Singapore, France
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	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
Germany									
China	44338	48.6	21745	12	12	24354	24354.4	2.32	RTA or FTA can significantly benefit Imports. Price competitiveness is important to beat Bangladesh, Netherlands. If China falls, India needs to capture the market by price competitiveness
Italy	8814	9.7	89939	0	0	89939	89939	2.13	
Hungary	6015	6.6	207414	0	0	207414	207414	17.32	
Turkey	4787	5.2	26743	0	0	26743	26743	0.44	
Bangladesh	3226	3.5	30724	0	0	30724	30724	0.18	
Netherlands	2074	2.3	30500	0	0	30500	30500	0.79	
Poland	1913	2.1	79708	0	0	79708	79708	0.86	
India	1286	1.4	42867	9.6	0	46982	42867	0.37	
France									
China	24850	46.9	20970	12	12	23486.4	23486.4	1.90	RTA or FTA can significantly benefit Imports. Price competitiveness is important to beat Netherlands. If China falls, India needs to capture the market by price competitiveness
Italy	9348	17.7	74784	0	0	74784	74784	2.35	
United Kingdom	2956	5.6	70381	0	0	70381	70381	4.31	
Romania	2620	4.9	24717	0	0	24717	24717	5.39	
Turkey	1211	2.3	27523	0	0	27523	27523	0.31	
Netherlands	1058	2	29389	0	0	29389	29389	1.24	
India	386	0.7	38600	9.6	0	42305.6	38600	0.18	
China									
Japan	6178	39.3	18171	8	8	19625	19625	0.79	No Scope in China due to stiff competition from Japan and Korea.
Korea	5063	32.2	9571	1.6	1.6	9724	9724	1.29	
USA	1943	12.4	17991	8	8	19430	19430	0.00	
Taipei, Chinese	484	3.1	15125	8	8	16335	16335	0.18	
Viet Nam	441	2.8	9800	0	0	9800	9800	1.97	
India	0	0	0	7.5	0	0	0	0	
Russian Federation									
China	8666	57.9	3581	13	13	4046.5	4046.5	0.4	No Scope in Russian Federation due to stiff competition from China, Turkey and Belarus
Turkey	4043	27	4376	13	13	4944.9	4944.9	0.0	
Italy	850	5.7	6159	13	13	6959.7	6959.7	0.1	
Belarus	442	3	3007	0	0	3007.0	3007.0	0.3	
Romania	203	1.4	5639	13	13	6372.1	6372.1	0.0	
India	0	0	0	13	0	0	0	0	

For 611710, price sensitivity is a key factor and FTA or RTA with the European markets might prove to be fruitful in reducing the price

630790	Made-up articles of textile materials	USA, Germany, France, Japan, UK
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	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
Germany									
China	6859770	85.5	5818	7.3	7.3	6243	6243	1.25	RTA or FTA might help is providing price competitiveness against other competitors. If China falls, it can be a great benefit in procuring the market against Poland, Hong Kong and Vietnam
Vietnam	181641	2.3	11630	5.8	5.8	12305	12305	1.19	
Hong Kong	108828	1.4	14782	7.3	7.3	15861	15861	1.39	
Poland	83796	1	17512	0	0	17512	17512	0.31	
India	20310	0.3	10074	5.8	0	10658	10074	0.12	
France									
China	5680110	82.4	8830	7.3	7.3	9475	9475	1.18	RTA or FTA might help is providing price competitiveness against other competitors. If China falls, it can be a great benefit in procuring the market against Vietnam, Tunisia,
Vietnam	228993	3.3	8829	5.8	5.8	9341	9341	1.19	
Tunisia	181895	2.6	8829	0	0	8829	8829	0.90	
Germany	85164	1.2	8830	0	0	8830	8830	0.66	
India	10677	0.2	8831	5.8	0	9343	8831	0.09	
Japan									
China	4606453	89.1	9010	5.3	5.3	9488	9488	1.08	RTA or FTA would not help. India is already price competitive, implying importance of other factors in the import. Fall of China might help significantly
Vietnam	228706	4.4	20504	0	0	20504	20504	0.51	
Korea	117363	2.3	51317	5.3	5.3	54037	54037	1.29	
Taipei	43089	0.8	19228	5.3	5.3	20247	20247	1.23	
India	5844	0.1	14537	0	0	14537	14537	0.18	

For 630790, European markets would largely be benefited with RTA or FTA since price sensitivity is a factor. Total dominance of the market by China can also be beneficial in allowing a major chunk of the market to come to India, in case China falls.

	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
Germany									
China	12683	60.4	23060	0	0	23060	23060	1.2415	FTA or RTA would not make a difference. If China falls, Italy is not a great competitor. India needs to be price competitive with Poland& France
Italy	4367	20.8	82396	0	0	82396	82396	2.4466	
Ecuador	1051	5	175167	0	0	175167	175167	25.415	
Poland	509	2.4	22130	0	0	22130	22130	0.3902	
France	359	1.7	39889	0	0	39889	39889	0.3863	
India	9	0	0	0	0	0	0	0.0635	
France									
China	8357	52	18287	0	0	18287	18287	1.0213	FTA or RTA would not make a difference. If China falls, India needs to be price competitive with Vietnam
Italy	3688	22.9	92200	0	0	92200	92200	2.9288	
Ecuador	902	5.6	180400	0	0	180400	180400	29.162	
Madagascar	434	2.7	24111	0	0	24111	24111	13.114	
Netherlands	407	2.5	13129	0	0	13129	13129	1.0769	
Viet Nam	385	2.4	12031	0	0	12031	12031	0.4834	
India	10	0.1	0	0	0	0	0	0.1901	
Japan									
China	20092	83.7	26264	4.4	4.4	27420	27420	1.2836	FTA or RTA would not make a difference. If China falls, India needs to be price competitive with Italy and Thailand
Italy	705	2.9	352500	0	0	352500	352500	0.8243	
Sri Lanka	705	2.9	352500	0	0	352500	352500	7.4512	
Thailand	643	2.7	107167	0	0	107167	107167	0.8716	
Ecuador	432	1.8	216000	0	0	216000	216000	15.64	
USA	376	1.6	125333	4.4	4.4	130848	130848	1.1828	
India	4	0	0	0	0	0	0	0.3419	

For 650400, price sensitivity is not there. Non-tariff barrier, innovation and quality are most important India does not need any trade agreements in this sector. More than the price it should be the non-price factors affecting the imports

650500	Hats and other Headgear, knitted or Crocheted	Japan, France
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	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
France									
China	131606	54.4	23,657	3.5	3.5	24485	24485	1.0694	FTA or RTA will have no impact. Since TII is significantly high, price competitiveness and product diversity can help in growth of imports
Italy	23526	9.7	98,435	0	0	98435	98435	1.2423	
Netherlands	10110	4.2	45,541	0	0	45541	45541	1.7786	
Viet Nam	8512	3.5	39,226	0	0	39226	39226	0.7106	
India	1,626	0.7	49,273	0	0	49273	49273	2.0554	
Japan									
China	229,442	64	31400	4.9	4.9	32939	32939	0.9869	FTA or RTA will have no impact. Since TII is significantly high, price competitiveness and product diversity can help in growth of imports
Viet Nam	52,214	15	33971	0	0	33971	33971	1.1752	
Thailand	13,556	4	34582	0	0	34582	34582	1.2372	
Italy	13,250	4	576087	0	0	576087	576087	1.0430	
India	213	0.1	53250	0	0	53250	53250	1.2257	

For 650500, India already has a decent score of TII. FTA and RTA would not help in this aspect by price competitiveness and product diversity can increase the imports for this HS

670100	Skins and other parts of birds				China, United Kingdom				
	Value imported	% Share	CIF price	Import Duty (actual)	Import Duty (If India signs RTA)	FLP 1	FLP 2	TII	Remarks
China									
Viet Nam	4669	71.7	30318	0	0	30318	30318	39.79	India has a wide diversity of fauna. This HS is not price sensitive. Availability of the right product, preservation and transport would play a key role. FTA or RTA has no significance
Italy	807	12.4	134500	8	8	145260	145260	7.52	
Japan	161	2.5	17889	8	8	19320	19320	28.75	
France	150	2.3	No Data	8	8	0	0	25.95	
South Africa	117	1.8	117000	8	8	126360	126360	48.23	
India	2	0	1000	8	0	1080	1000	-	
United Kingdom									
Germany	4435	69.6	13239	0	0	13239	13239	0.12	India has a wide diversity of fauna. This HS is not price sensitive. Availability of the right product, preservation and transport would play a key role. FTA or RTA has no significance
China	1038	16.3	7310	2.7	2.7	7507	7507	0.19	
Italy	163	2.6	20375	0	0	20375	20375	3.60	
Netherlands	152	2.4	3234	0	0	3234	3234	1.12	
USA	148	2.3	49333	2.7	2.7	50665	50665	0.07	
India	0	0	No Data	0	0			-	

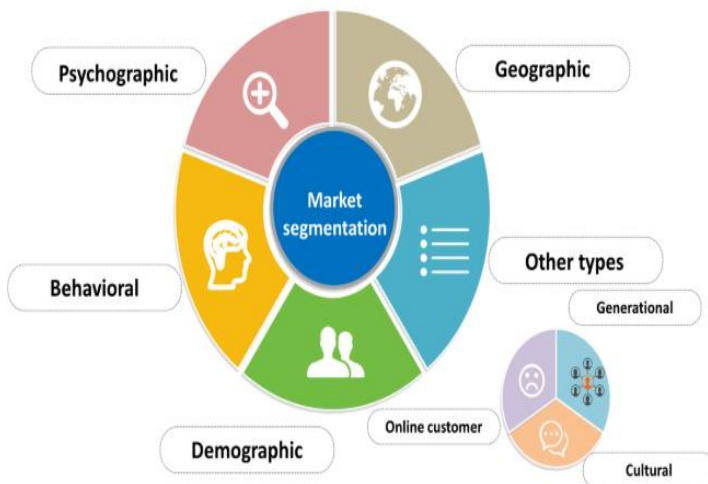
For 670100, India has a wide diversity of fauna. This HS is not price sensitive. Availability of the right product, preservation and transport would play a key role. FTA or RTA has no significance.

CHAPTER 6

GLOBAL CONSUMER BEHAVIOUR ANALYSIS

PRE AND POST COVID-19

In every market, consumers are the drivers of the market competitiveness, growth and economic integration. As indicated in the section above, there have been incidences where Indian handicraft products have been reasonably priced as against other competing players including China, ASEAN and African countries in the traditional export destinations of the USA and EU; still share of Indian handicrafts was found meagre in these countries; highlighting the fact that while being price competitive was important to combat global competition there are other non-price factors which are much more important in certain developed markets. This highlights the importance of Indian handicrafts exporters to customize their products as per the consumer behavior, custom,



customs and traditions, gifting etiquette, beliefs and taboos, demographic profile etc. to gain competitive advantage. Hence exploration of these factors through country case studies towards adoption of Indian handicraft products as per importing country becomes important.

With economic instability, consumers are also

experiencing a transformation in behavior. The COVID-19 pandemic has upended life for individuals across the globe, from how they work to how they socialize and even how they shop. This section therefore also looks at how has consumer behavior changed considering COVID-19, what trends in consumer behavior and sentiment have been witnessed in the past few months, and what are consumers expecting as we move closer to a post-pandemic lifestyle.

Product Mix Analysis



	High value, growing
	Low value, growing
	High value, declining
	Low value, declining

Fashion Textiles	
63079019	Dress Material
58101000	Embroidery without visible g
58081090	Braids
56050020	Imitation Zari Thread
58110010	Kantha embroidery
58090010	Zari borders
58109210	Embroidery badges, laces
63079013	Hand printed dress material
63079011	Cotton Dress material
61171020	Woolen shawl, scarves
61043100	Woolen Jackets
63079012	Silk dress material

Fashion textiles amounts to approx. 1391 INR cr. Prime exportable products under fashion textile category includes dress material, embroidery (kantha, badges, laces) and zari borders which have been witnessing better acceptance and rising export demand. Indian exporters have been witnessing declining demand for Indian cotton and silk dress material and woolen items.



FASHION TEXTILES

Prime export items in the fashion textile category stands out to be dress material, embroidered laces and fabrics, braids and zari borders.



The global fabrics market is expected to grow from \$165.7 billion in 2020 to \$183.9 billion in 2021 at a compound annual growth rate (CAGR) of 10.%. The growth is mainly due to the companies rearranging their operations and recovering from the COVID-19 impact, which had earlier led to restrictive containment measures involving social distancing, remote working, and the closure of commercial activities that resulted in operational challenges. The market is expected to reach \$228.6 billion in 2025 at a CAGR of 6%.

The broad woven fabrics market was the largest segment of the fabrics manufacturing market accounting for 45.7% of the total in 2019-20 and

The knitted fabrics market was the second largest segment, accounting for 31.7% of the fabrics manufacturing market. The global knitted fabrics market reached a value of nearly \$56.8 billion in 2019, having grown at a compound annual growth rate (CAGR) of 2.5% since 2015, and is expected to grow at a CAGR of 9.7% to nearly \$254.0 billion by 2022.

The knitted fabrics market is segmented by type of material into dyed synthetic fibres, pile fabrics, elastomeric yarn, cotton dyed, synthetic fibres printed, artificial fibres dyed,

lace and others. The dyed synthetic fibres knitted fabrics market was the largest segment of the knitted fabrics market by type of material in 2020 at 19.8%. It is also expected to be the fastest-growing segment going forward at a CAGR of 7.2%.

Growth in the historic period resulted from growth in the apparel manufacturing industry, the increase in demand for knitted footwear, and technological advances in the industry. Factors that negatively affected growth in the historic period were the rise in cotton prices, uncertain apparel demand, and the rise in inventory levels.

GLOBAL TEXTILE FABRICS MARKET

The global textile fabrics market is expected to reach USD 376.32 billion by the end of 2024 with a compound annual growth rate (CAGR) of 5.60% during the forecast period 2019–2024.

The global knitted fabrics market is highly fragmented, with a large number of small players. Majority of the companies are local players that have a large number of domestic manufacturing facilities and have a presence across the supply chain. However, large companies are trying to expand their presence in other

low-cost economies to take advantage of low-cost labour and cheap raw material prices. The top ten players accounted for 7.86% of the total market in 2017. Major players in the market include Shenzhou International Holdings Limited, Toray Industries Inc., Pacific Textiles, Teejay Lanka PLC, and Fakir Group. The fashion & clothing segment was the largest segment of the knitted fabrics market by type of end-user in 2020 at 68.8%, and it is expected to be the fastest-growing segment going forward at a CAGR of 5.55%.



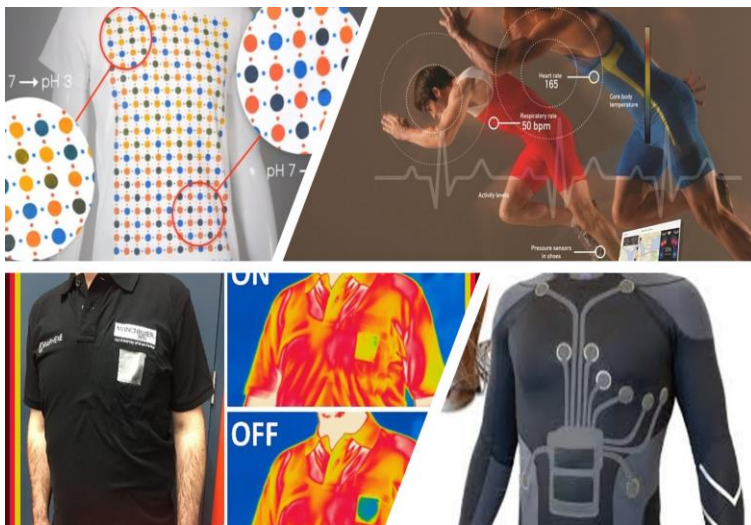
The narrow fabric mills and schiffli machine embroidery market is expected to be the fastest-growing segment in the fabrics manufacturing market at a CAGR of 16.7% during 2018-2022.

Embroidery is the craft of decorating fabric or other materials using a needle to apply thread or yarn., Embroidery may also incorporate other materials such as pearls, beads, quills, and sequins. In modern days, embroidery is usually seen on caps, hats, coats, blankets, dress shirts, denim, dresses, stockings, and golf shirts. Embroidery is available with a wide variety of thread or yarn color, market for Embroidery is expected to reach million USD in 2023, from million USD in 2017. The embroidery segment led the global market in 2018 accounting for a share of more than 42%.

Future opportunities in Fashion Textiles

The top opportunities in the global knitted fabrics market will arise in the dyed synthetic fibres segment, which will gain \$3.06 billion of global annual sales by 2022. The knitted fabrics market size will gain the most in China at \$5.9 billion. Market-trend-based strategies for the knitted fabrics market include investing in artificial intelligence technology, adopting 3D knitting machines, investing in IoT technology to improve production efficiencies and reduce costs, and developing flame retardant fabrics that are economically priced. Player-adopted strategies in the knitted fabrics market include expanding production capacities by investing in the development of new manufacturing facilities overseas and improving production efficiencies by adopting innovative practices to save costs and energy.

The screen-printing products in the market are anticipated to grow at the fastest rate with a CAGR of around 12%, over the forecast period of 2019 to 2025. On the other hand, the screen-printing segment is projected to expand at the fastest CAGR from 2019 to 2025. The demand for smart fabrics is increasing rapidly. This is mainly driven by the growing use of smart fabrics in various sectors including fashion, entertainment, medical, transportation, sports and fitness, and military.



Smart fabrics are textiles that can interact with their environment and respond to a physical stimulus. The knitted fabrics manufacturing companies in India should focus on manufacturing weft-knitted fabrics using smart technology insertions.

Smart fabrics are textiles that can interact with their environment and respond to a physical stimulus including those from mechanical, electrical, thermal and chemical sources. Sensors, actuators and fabrics are the major components of smart fabrics. The materials used in smart fabrics include optical fibers, metals and conductive polymers. An example of smart fabrics is D-Shirt offered by French company Cityzen Sciences, which comes with a wide range of functions to record heart rate, GPS location, route, altitude and speed.



6 MAJOR TRENDS IN FASHION TEXTILES

- 1

The global decorated apparel market size was valued at USD 26.75 billion in 2018 and is anticipated to expand at a CAGR of 10.91% over the forecast period of 2019 to 2025. Increasing demand for embroidery, screen printing, sublimation, and heat transfer works on apparel is driving the growth of the market.
- 2

With the growing trend of customized t-shirts and tops, the demand for apparel printing is increasing leading to market growth.
- 3

Moreover, product and technological innovations, especially in the women apparel sector, will drive market growth. The emerging trend of patchwork and retro logo designs also expected to boost product demand over the forecast period.
- 4

Growing usage of heat press techniques by major brands, such as NBA, Adidas, Champion, American Girl, and Nike, also drives product demand. The rising number of sports clubs across the globe is providing numerous opportunities for manufacturers.
- 5

High demand for the reflective finish in apparel has also created growth opportunities for the market. Besides, rising demand for graphic t-shirts and other apparels due to changing trends will also contribute to product sales over the forecast period.
- 6

Increasing demand for sportswear and performance wear and expanding textile industry in Asia-Pacific. The growing awareness regarding the health benefits of plays a vital role in the growth of the global market.

To take advantage of these opportunities, the knitted fabrics manufacturing companies in India should focus on manufacturing weft-knitted fabrics, outsourcing business to low markets, expanding through partnerships and collaborations, and manufacturing eco-friendly fabrics, among other strategies.

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.



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.

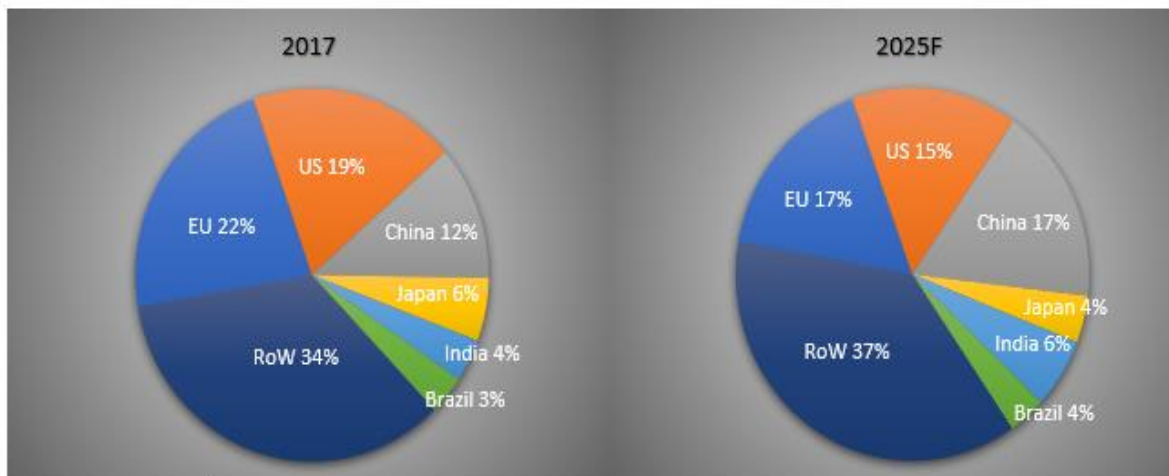
Moreover, manufacturers prefer setting up manufacturing units in countries such as China, India, Bangladesh, and Pakistan owing to high cotton production and low labor costs.

UNITED STATES OF AMERICA

While the entire world was suffering from lockdown during pandemic last year, USA has been witnessed to have 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.

Code	Product label	2016	2017	2018	2019	2020	Trend
	Fashion textiles	3999691	4144231	4436451	4781468	19734177	
'630790	Made-up articles of textile materials	3879461	4018710	4311063	4668128	19649470	
'581092	Embroidery of man-made fibres on a textile fabric base	91482	95541	95455	83428	59222	
'580810	Braids in the piece	14110	15706	15335	15992	13791	
'560500	Metallised yarn, whether or not gimped	10061	9327	10109	9167	9002	
'581010	Embroidery on a textile fabric ground without visible ground	4577	4947	4489	4753	2692	

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.



Source: UN Comtrade

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.

Code	Product label	2016	2017	2018	2019	2020	Trend
	Fashion textiles	3851204	4038752	4408110	4558604	34528378	
'630790	Made-up articles of textile materials	3490659	3658487	4051938	4233011	34279223	
'581092	Embroidery of man-made fibres	186997	186938	175075	154321	100757	
'560500	Metallised yarn	74323	81446	74673	73682	61668	
'580810	Braids in the piece	50345	53750	58617	60754	60067	
'581010	Embroidery	48880	58131	47807	36836	26663	

LATIN AMERICA

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. Rest all products in this category have been suffering a decline.

Code	Product label	2016	2017	2018	2019	2020	Trend
	Fashion textiles	536455	607121	628310	626556	2963407	
'630790	Made-up articles of textile materials	465452	518651	548543	566358	2926624	
'581092	Embroidery of man-made fibres	56245	73841	65773	49236	29848	
'560500	Metallised yarn	5995	6834	6756	5096	3380	
'580810	Braids in the piece	3048	3152	3847	3636	2379	
'581010	Embroidery	5715	4643	3391	2230	1176	

Source: ITC, 2020

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.

FASHION TEXTILE IMPORTERS WITHIN LAC

Importers	2016	2017	2018	2019	2020	Trend
Mexico	348443	385854	403553	409572	784376	
Peru	21190	24520	25265	29180	462638	
Colombia	20426	24104	27290	28068	462098	
Brazil	53427	69295	62975	54533	375143	
Chile	36028	37605	39686	39921	329771	
Panama	9977	11468	11965	13188	156651	
Argentina	24944	25836	29757	18811	144031	
Ecuador	5456	7016	8346	8017	124867	
Bolivia	2712	2477	3148	3564	60393	
Venezuela	3687	8697	5370	11543	23692	
Paraguay	1581	2674	2694	2223	22762	
Uruguay	5705	5412	5779	6486	11089	
Cuba	2879	2163	2482	1450	5896	

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.

JAPAN

Japan 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 except for some increase in import volumes for braids in piece for which Japan seems to be one off market. Embroidery also has picked up acceptance in Japan.

Code	Product label	2016	2017	2018	2019	2020	Trend
	Fashion textiles	1166495	1216407	1290709	1339500	5196246	
'630790	Made-up articles of textile materials	1142144	1190942	1262952	1312969	5171399	
'581092	Embroidery of man-made fibres	17187	16882	19492	17823	16961	
'580810	Braids in the piece	3634	4526	4627	4851	5508	
'581010	Embroidery on a textile fabric ground without visible ground	3005	3148	2621	2984	1540	
'560500	Metallised yarn, whether or not gimped	525	909	1017	873	838	

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. Rest all products in this category have been suffering a decline.

Code	Product label	2016	2017	2018	2019	2020	Trend
	Fashion textiles	184373	155659	192509	211069	751852	
'630790	Made-up articles of textile materials,	164031	128104	161737	165926	721219	
'581092	Embroidery of man-made fibres	11507	14350	16605	33359	20513	
'580810	Braids in the piece	5932	8528	9295	7926	7216	
'581010	Embroidery on a textile fabric ground	1852	3015	2709	2072	1501	
'560500	Metallised yarn	1051	1662	2163	1786	1403	

FASHION TEXTILE IMPORTERS WITHIN CIS

Importers	2016	2017	2018	2019	2020	Trend
Romania	81099	91766	106847	96959	479091	
Ukraine	20269	20667	32731	34121	89760	
Belarus	67662	23990	28750	27640	67725	
Kazakhstan	8900	10258	14697	21911	55366	
Azerbaijan	2723	2827	3085	4074	31038	
Kyrgyzstan	1544	3814	2862	21531	10073	
Uzbekistan		1086	1559	2283	8745	
Tajikistan	1086	239	247	603	5646	
Armenia	1090	1012	1731	1947	4408	

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.

ASEAN

Code	Product label	2016	2017	2018	2019	2020	Trend
	Fashion textiles	286620	344348	383841	448067	2226677	
'630790	Made-up articles of textile materials	191867	214213	238683	303340	2138252	
'581092	Embroidery of man-made fibres	27590	46158	51720	59305	43067	
'580810	Braids in the piece	50807	65190	76461	71863	31180	
'581010	Embroidery on a textile fabric ground without visible ground	10213	11625	6193	4887	9975	
'560500	Metallised yarn, whether or not gimped	6143	7162	10784	8672	4203	

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.

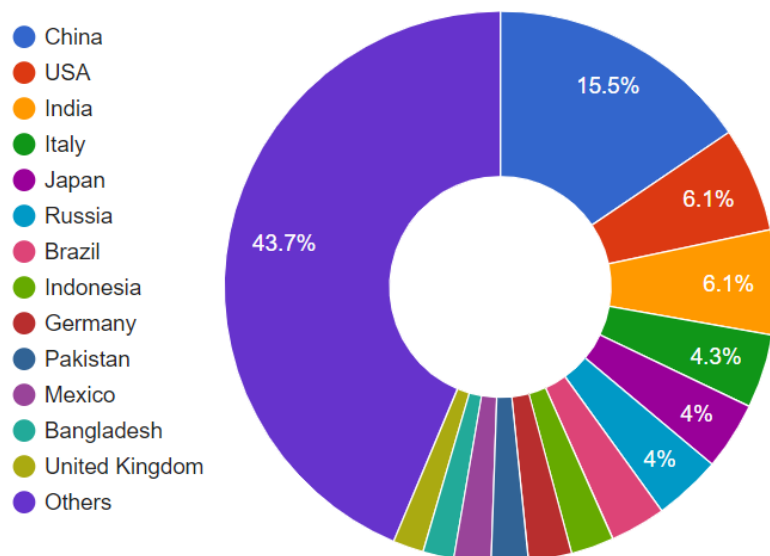
Importers	2016	2017	2018	2019	2020	Trend
ASEAN	286620	344348	383841	448067	2226677	
Singapore	57604	58057	55349	51816	1011641	
Malaysia	44747	44278	53099	67431	400866	
Viet Nam	67546	82104	88388	120259	323830	
Indonesia	20404	34072	57778	64957	224780	
Thailand	70056	92257	89821	105693	143161	
Philippines	13094	13455	15963	20416	76266	
Cambodia	10364	13111	7492	7589	20527	
Myanmar	1729	5299	14081	7668	11247	
Brunei Darussalam	655	955	891	782	8082	
Lao	421	760	979	1456	6277	

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.

EMBROIDERY: GLOBALLY ACCEPTABLE AND GROWING FASHION

As can be seen, apart from made-ups; embroidery is the next best imported fashion accessory.

Market Volume (thousand tonnes)



Major markets who are fastest growing markets for suppliers of embroidered fabrics of man made fibers include China, USA, Italy and Russia. In Thailand, Brazil, Congo and Ethiopia; per capita consumption remains small but have depicted tangible growth. On the other hand, Italy, South Korea, Germany, Russia and Poland are countries with large and growing per capita consumption.

GLOBAL EMBROIDERY MARKET

Large and growing imports

Brazil (214 tonnes), the U.S. (143 tonnes), Japan (39 tonnes), Canada (33 tonnes) and Mexico (29 tonnes) emerged as the largest and fastest-growing importers of embroidery in the world.

Large but declining imports

The UK (189 tonnes), Germany (100 tonnes), Nigeria (81 tonnes), China (50 tonnes) and South Korea (45 tonnes) were the largest importers with decreasing volumes of imports.

Small but growing imports

Amongst the countries with a relatively small but perceptible volume of imports, the highest average annual rates of growth were recorded in Russia (+28.7%), Brazil (+28.0% to 214 tonnes), Mexico (+22.6% to 29 tonnes), the U.S. (+21.7% to 143 tonnes) and Argentina (+18.9%).

Small but declining imports

Small imports against a contraction in terms of volume indicate that the opportunities for growth are limited: either the domestic industry is fully capable of meeting local demand, or overall demand itself is not too high, the product is a niche item. This group of countries includes Iran, India, Turkey, Thailand.

Large and rising per capita consumption

This group of countries includes Italy (20 kg per 1000 persons), South Korea (9.61 kg per 1000 persons), Germany (8.70 kg per 1000 persons), Russia (7.66 kg per 1000 persons) and Poland (6.36 kg per 1000 persons), amongst others.

Large but declining consumption

This group of countries includes Canada (8.88 kg per 1000 persons), Japan (8.41 kg per 1000 persons), the UK (8.08 kg per 1000 persons), the U.S. (5.44 kg per 1000 persons) and Turkey (5.18 kg per 1000 persons).

Small but growing consumption

This group of countries includes Thailand (4.65 kg per 1000 persons), Brazil (4.56 kg per 1000 persons), Democratic Republic of the Congo (4.40 kg per 1000 persons), Ethiopia (4.27 kg per 1000 persons) and Egypt (3.27 kg per 1000 persons). These countries indicated positive average annual rates of growth with regard to per capita embroidery consumption.

Small and declining consumption

This group of countries includes Pakistan (3.58 kg per 1000 persons), Viet Nam (3.38 kg per 1000 persons), Bangladesh (3.25 kg per 1000 persons) and Nigeria (2.62 kg per 1000 persons). Most of these countries indicated a contraction with regard to per capita embroidery consumption.

SHIFTING FROM HS CODE TO NTL: COUNTRY CASE STUDIES

CIS

- Garments for the women include a chemise (kashulya) made of homespun linen; a heavy pleated checked or striped woven wool or linen skirt (spadnitsa or andarak); a linen homespun apron, and a waistcoat.
- Sleeves, shoulder insets, collar and bosom have embroidered patterns in red and black yarn, the composition of ornamenting depending on the region where the set belongs.
- The apron has colouring and ornamenting similar to those of the gown.
- The waistcoat being a festive attire was made of industrially manufactured textiles such as silk and velvet.
- The obligatory part of every costume is multi-color belt with pompons, tassels or fringes.





OPPORTUNITY FOR INDIAN BEAD EXPORTERS TO BELARUS



**Rushnyk used in
Belarus Flag**

Rushnyk used in Ukraine can be worked in our Kantha

A **rushnyk** or **rushnik** is a ritual cloth embroidered with symbols and cryptograms of the ancient world. They have been used in sacred Eastern Slavic rituals, religious services and ceremonial events such as weddings and funerals. The rectangular shape of the fabric indicates a life's journey and the ornamentation captures the cultural ancestral memory of the region. The material used is either linen or hemp. The act of spinning thread and the process of weaving linen embodies spiritual power dating back to the ancient deity Mokosh who is often represented in embroidery. The needle has its own energy, an idea similar to acupuncture, and the color of the thread has sacred meaning. Red represents life and is the main color used. A rushnyk is given to a baby at birth, it follows the person throughout life and used in the funeral service after death.

A Rushnyk has many uses. The very basic rushnik is colloquially called the *utyralnyk* or wiper and serves as a towel. The *utyralnyk* either has no designs on it or it has very narrow strip on the edges. In contrast, a *nabozhnyk* is a highly decorated Rushnyk composing of embroidery and of lace. *Nabozhnyks*, also called *nabraznyks* or *nakutnyks* are used to decorate icons and icon corners in homes.



Opportunity for kantha embroidery fabric supplier



Opportunity for crochet and lace supplier



TRADITIONAL DRESS IN
MYANMAR
OPPORTUNITY FOR INDIAN
LACE SUPPLIERS



TRADITIONAL CAMBODIAN
DRESS
OPPORTUNITY FOR IKKAT
FABRIC SUPPLIER