

## AFTER APPLE, APPAREL

*Of India's opportunities from Trumpian disruption, none holds more promise than textiles, which can create 10mn jobs. But the crucial first step must be zero-duty imports of raw materials for manmade textiles*

- Amitabh Kant\*

Donald Trump's return to the White House has seen him reinforce his worldview. We are undergoing geopolitical reconfiguration, and global supply chains are being realigned. His administration is doubling down on tariffs and economic nationalism, disrupting global markets. While this poses challenges for global trade, it is also a massive opportunity for India—if we get our policies right. India can position itself as the world's next major manufacturing hub by implementing bold policy reforms in the textiles & apparel, food processing, and cleantech sectors, amongst others.

For instance, the textiles and garments industry has the potential to add tens of millions of manufacturing jobs in India. Given its labour-intensive nature, the garments industry has been a significant driver of jobs and growth, particularly in developing countries. Unlike capital-intensive manufacturing sectors such as automobiles or pharmaceuticals, the garments industry has relatively lower barriers to entry. It also provides a platform for small and medium-sized enterprises to flourish, thereby promoting inclusive growth. However, India has not been able to harness its potential fully. Policy constraints have relegated this industry to the sidelines of India's growth narrative, underscoring the urgent need for reforms.

Globally, 70% of the textiles and garments market comprises manmade fibres (MMF), and the rest 30% consists of cotton. However, in India, we have it the other way around. Why have we been unable to capitalise on this global industry? First, we must understand the value chain. The raw material for MMF is either polyester fibre or viscose fibre, both of which are produced by just two large Indian conglomerates. The fibre is then turned into yarn and then yarn into fabric. This fabric is then processed, from which garments are created. These are then sold in the domestic market or exported.

We are the world's sixth-largest exporter of textiles and apparel, with our textile exports reaching Rs 3 lakh crore. As the Prime Minister stated in his speech at Bharat Tex 2025, our ambitious goal is to triple this figure to Rs 9 lakh crore by 2030, positioning India as a major global garment exporter and creating employment opportunities for millions of Indians. However, this will not be possible without concerted policy action.

First, we must address our lack of competitiveness at the raw material stage, especially in the MMF market. The raw materials, polyester and viscose, are subjected to high import duties. Earlier, they were also subjected to high anti-dumping duties. The anti-dumping duty was removed after concerted efforts, but this duty has now been superseded by quality control orders (QCOs). These have the same effect, restricting the import of cheaper, critical raw materials. The raw materials for MMF are about 20% more expensive in domestic market, as compared to our competitors. Our local manufacturers therefore have to rely on more expensive, locally produced inputs. This cost disadvantage then gets compounded as we move down the value chain. To make our MMF industry globally competitive, all import duties must be brought down to zero and QCOs must be scrapped. Making raw materials competitive is not

just about lowering costs—it's about unleashing millions of small enterprises, fuelling their growth, and turning India into a global textile powerhouse.

Second, we must address the source of the lack of scale. The Prime Minister Mega Integrated Textile Region and Apparel (PM MITRA) Parks Scheme was launched to address this lack of scale. Seven such parks have been announced, with an outlay of ~ INR 4,500 crores, and each park is expected to bring in investments of Rs. 10,000 crores each. The development of these parks must be accelerated, ensuring that the entire value chain for the garments and textiles industry is consolidated in these parks. Similarly, a Production Linked Incentive (PLI) was announced, with an outlay of USD 1 billion. On the one side we are encouraging scale, but on the other side we are discouraging scale through tariffs. However, our industry will remain uncompetitive until we do not get the cost of our raw materials right. Achieving true global competitiveness requires more than just incentives—it demands scale. By consolidating the entire value chain within textile parks and industry clusters, India can build a powerhouse of efficiency, innovation, and export dominance.

Third, we must raise the productivity of cotton. India is one of the biggest producers of cotton in the world, our productivity remains far below international standards. As per World Cotton Statistics data, cotton yield in India is around 450 kg/hectare (ha), while the global average is ~ 812 kg/ha. We are far behind compared to countries like Brazil and Australia, where cotton productivity ranges from 1,500 to 2,200 kg/ha. The best way to support farmers would be through raising productivity and supporting them through direct benefit transfers. Recognising this, the Union Budget 2025-26 announced a five-year Mission for Cotton Productivity. This must be implemented as soon as possible and speedily. Cotton imports in India are also subject to 10% import duty, which must be removed to make cotton garments more competitive. Pricing in the cotton import market must be market-determined rather than government-determined. Despite being the largest producer of cotton, China still allows cotton imports.

Fourth, we must unlock the potential of technical textiles. Their applications span agriculture, construction, automobiles, and healthcare, among others. The National Technical Textiles Mission was launched to promote the technical textiles sector in India. However, their penetration in our markets remains well below international standards. Strengthening domestic manufacturing, fostering sustainability through recycling initiatives, and building global branding will be key. A focused push on exports, skilling, and high-tech innovation can drive India's transformation into a technical textiles powerhouse.

Fifth, we must work with lead firms to develop the domestic manufacturing value chain. Strategic policy measures can lead to significant strides in our manufacturing sector. We have witnessed India's triumph in mobile manufacturing. From a mere USD 0.2 billion worth of exports in 2014-15, we are now exporting over USD 15 billion worth of mobile phones. From negligible levels in 2017, nearly 15% of all iPhones are now made in India. The recent news of domestically produced components of Apple products being exported to countries such as Vietnam and China is a testament to our potential. Just as we have done in the case of mobile phones and electronics, we must initiate policy changes to create vast number of jobs in the textile sector.

India's garments industry has the potential to become a global leader and the biggest job creator, but bold reforms are essential. First, import duties on raw materials for MMF and cotton must be eliminated entirely. Second, all non-tariff barriers, in the form of QCOs, must be scrapped. Third, manufacturing scale must be achieved by consolidating the value chain and leveraging PM-MITRA. Fourth, cotton productivity must be raised, and cotton pricing must be made market-based. Fifth, we must work with and invite lead firms to setup manufacturing in India, as we have done in the case of mobile manufacturing. The success of mobile manufacturing demonstrates that India can compete on the global stage with the right policies in place. We must target the creation of 10 million new jobs in this sector. It is time to act decisively and establish India as the world's textile and apparel leader.

The global disruption being caused in the world of geopolitics, global supply chains due to tariffs, and climate is not a source of crisis but a massive opportunity for India. We must seize it.

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