



TEXTILE AND ALLIED PRODUCTS TRADE UNDER ASEAN-INDIA TRADE IN GOODS AGREEMENT: **VALUE CHAIN ANALYSIS**



Export-Import Bank of India

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**Textile and Allied Products Trade under
ASEAN-India Trade in Goods Agreement:
Value Chain Analysis**

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Executive Summary

The textile industry is one of the largest and most diverse sectors globally, playing a crucial role in the economic development of many countries. In India as well, the industry has made a significant contribution to the overall industrial output, employment and exports. The textile and allied products industry accounts for 10.6% of manufacturing Gross Value Added¹, 1.4% of GDP (at current prices)² and 7.9% of merchandise exports³ from India. Considering the significance of the sector for Indian economy and trade, and the competitiveness of ASEAN countries across several segments of the textile value chain, the study attempts to analyse the impact of the ASEAN-India Trade in Goods Agreement (AITIGA). The study analyses the segment-wise competitiveness of India and ASEAN countries, evaluates India's market access for textiles and related products under AITIGA, identifies underperforming segments for potential renegotiation, and proposes select offensive and defensive tariff lines for such renegotiations.

Textile Production Scenario

Global

Global textile and apparel output was valued at US\$ 1.77 trillion in 2023, accounting for 1.7% of global GDP. During 2019 to 2023, global textile and allied products output recorded a healthy CAGR of 4.2%. Of the total output, nearly 60.5% is from the textile segment, while apparel segment represented the remaining 39.6% share in global output in 2023.

¹ In 2022-23

² Ibid.

³ 2023-24

In the fibre segment, the global production reached a record 124 million tonnes in 2023, registering a CAGR of 3% from 2019 to 2023. Polyester has been the primary driver of this growth, surpassing cotton as the most widely used fibre globally since the mid to late 2000s, primarily due to its affordability and versatility. Synthetic fibres accounted for 67% of total production, with polyester alone representing 57.2%. Meanwhile, plant-based fibres, including cotton, made up 25%, with cotton contributing 19.9%.

Global cotton production stood at 113.7 million bales in Marketing Year (MY) 2023, recording a negative CAGR of (-)1% during MY 2019 to MY 2023 due to fluctuating market conditions, climate variability, and supply chain disruptions. China is the largest producer, contributing 24% of global cotton output in MY 2023, followed by India (23%), Brazil (13%), the USA (11%), and Pakistan (6%). It is noteworthy that, China's cotton yield is projected at 2,252 kg per hectare in MY 2024, significantly higher than India's 461 kg per hectare, underscoring India's productivity gap.

India

India is one of the world's largest producers of textile and allied products, with production valued at US\$ 85.3 billion in 2023, accounting for a share of 4.7% in global production in 2023⁴.

In the fibres segment, India is a key player globally, both in the natural and man-made fibres segments. India is the world's second-largest cotton producer, accounting for 23% of global production in MY 2023. During MY 2023, India's cotton production saw a decline due to a dip in prices, and inclement weather in some regions. Further, India is the largest producer of raw jute and jute goods in the world, contributing 50% and 40%, respectively, to the global production. However, there has been a gradual decrease in area under jute cultivation during 2018-19 to 2022-23, mainly due to diversion of area to other competitive and remunerative short duration crops in the major jute growing states. Among man-made fibres, India is the second largest producer of polyester and viscose. In 2023-24, India's production of man-

⁴ Statista

made fibres stood at 5,829.3 thousand tonnes, registering a modest CAGR of 1.8% from 2019-20 to 2023-24.

In the yarn segment, India's production has experienced fluctuations in recent years. India's cotton yarn output declined in 2022-23 due to subdued domestic and international demand. Further, Indian cotton prices were 20-25% higher than global prices in FY 2022-23, which affected global competitiveness. However, production rebounded in 2023-24, supported by recovering demand from downstream industries. Meanwhile, India's synthetic yarn production, which had declined in 2020-21, has shown steady growth since 2021-22, reaching 4,088.2 thousand tonnes in 2023-24. This growth has been largely driven by strong domestic demand, with most of the output being absorbed by the domestic market.

India's fabric production has shown mixed trends across segments. In 2023-24, cotton fabric production in India reached 384.4 million meters, registering a negative CAGR of (-) 1.4% during 2019-20 to 2023-24. In contrast, polyester/viscose fabric production grew consistently, with a CAGR of 7.4% during the same period.

India's 'wearing apparel' production has shown significant fluctuations in recent years. Weak economic growth in Western markets, coupled with inflationary pressures and elevated interest rates, have dampened consumer discretionary spending in recent years. However, global demand conditions have started to gradually improve.

ASEAN

The ASEAN region is a key contributor to global textile and allied product production, with an output of US\$ 81.7 billion in 2023 and a 4.5% share in global output. ASEAN's textile and allied product production recorded a CAGR of 7.6% during 2018-2023. Within the industry, textiles segment accounted for 65.2% of ASEAN's total output in 2023, while the apparel segment accounted for the remaining 34.8%.

Several ASEAN nations are key players in the global textile and allied products industry. Vietnam is a key player in the segments of readymade garments (RMG), fabric and yarns, supported by a well-developed supply chain. Among ASEAN countries, Indonesia is the second-largest exporter of yarns, RMG, and fibres. Further, among ASEAN countries, Thailand is the largest exporter of fibres and the second-largest exporter of fabrics. Malaysia ranks third among ASEAN countries in fabric exports and fourth in fibre exports. Benefiting from low production costs, economies of scale and a favourable exchange rate, Cambodia has emerged as a major global supplier of garments, ranking third among ASEAN nations in RMG exports. Myanmar is the fourth-largest RMG exporter but relies on raw material imports. Singapore functions as a key re-export hub despite minimal production. Overall, ASEAN presents a dynamic textile ecosystem, and India, with its strength across the value chain, faces competition from ASEAN countries at various stages of production.

Trade Scenario of Textile and Allied Products

Global

Global exports of textile and allied products reached US\$ 876.5 billion in 2023, accounting for 3.7% of total global merchandise exports during 2023. During 2019 to 2023, global exports of textile and allied products recorded a CAGR of 1.6%. The subdued growth in global exports of textile and allied products may be attributed to several events that impacted the global economy during this period, such as COVID-19, geopolitical tension-led supply chain disruptions, tighter financial conditions and inflation, and lower consumption demand in key markets, among other factors.

In terms of top exporters, China dominates global textile and allied product exports, accounting for 33.4% of total exports in 2023, followed by Bangladesh (share of 5.7%), Vietnam (5.3%), Germany (4.8%), Italy (4.6%) and India (3.9%), among others. Meanwhile, the USA is the largest importer of textile and allied products globally, with a share of 14.8% in global imports of textile and allied products in 2023, followed by Germany (7.2%), France (4.4%), Japan (4.2%) and Italy (3.9%), among others.

In terms of composition, knitted or crocheted articles of apparel and clothing accessories is the largest exported product category globally, accounting for a share of 30.5% in global exports of textile and allied products in 2023, followed by non-knitted/non-crocheted articles of apparel and clothing accessories (share of 28.3%), other made-up textile articles (8.8%), and man-made filaments (6.2%), among others. Across different product categories, the highest growth between 2019 and 2023 was registered in the category of 'other vegetable textile fibres, paper yarn, and woven fabrics of paper yarn', which recorded a CAGR of 4.8% during this period, reflecting rising demand for eco-friendly and functional materials. Meanwhile, silk segment witnessed the sharpest decline in exports, followed by wool, animal hair, and cotton.

India

India is the 6th largest exporter of textile and allied products, with exports valued at US\$ 34.2 billion, accounting for a share of 3.9% in the global exports of these products in 2023. Meanwhile, India's imports of textiles and allied products stood at US\$ 9.2 billion in 2023, accounting for a share of 1.1% in global imports of these products in 2023. During 2019 to 2023, India's exports of textile and allied products recorded a negative CAGR of (-) 0.9%, while imports recorded a CAGR of 2.6%. Nonetheless, India continues to have a trade surplus in the sector, estimated at US\$ 25 billion in 2023.

In terms of composition of exports, non-knitted or non-crocheted articles of apparel and clothing accessories was the topmost exported product category for India, accounting for a share of 22.9% in India's total exports of textile and allied products in 2023, followed by knitted or crocheted articles of apparel and clothing accessories (share of 19.5%), cotton (19%), other made-up textile articles (15.7%), and carpets (5.3%), among others. The USA is the largest export destination, accounting for a share of 27.2% in India's textile exports in 2023, followed by Bangladesh (share of 7.7%), the UAE (5.8%), the UK (5.5%), and Germany (3.7%), among others. None of the ASEAN countries feature among the top 10 destinations for India's exports of textile and allied products.

On the import front, man-made filaments was the largest imported product category, accounting for 19.7% of India's total imports of textile and allied products in 2023, followed by man-made staple fibres (10.7%), non-knitted or non-crocheted articles of apparel and clothing accessories (9.7%), cotton (8.8%) and impregnated, coated, covered or laminated textile fabrics (8.5%), among others. China is the largest import source for India's imports of textile and allied products, with a share of 43.2% in India's textile imports in 2023. India's imports from Bangladesh have also seen remarkable growth, with the country progressing from being the third largest import source to the second largest during 2018-23. Other top import sources for India during 2023 included Vietnam (share of 5.3%), the USA (5.1%), Australia (2.9%), Indonesia (2.9%) and Thailand (2.6%), among others.

Among ASEAN countries, Vietnam's share in India's imports rose from 4.1% in 2018 to 5.3% in 2023, moving up from 4th to 3rd position, among India's top import sources. Carpets, cotton, knitted or crocheted apparel, and fabrics were the fastest-growing segments for India's imports from Vietnam. Thailand's share also increased from 2.4% to 2.6%, driven by higher imports of man-made staple fibres, nonwoven special yarns, knitted fabrics, and vegetable textile fibres. Meanwhile, Indonesia's share declined from 3.2% to 2.9%, though imports continued to grow. Indonesia continued to hold its position as the 6th largest import source for India's textile and allied products imports in 2023.

ASEAN

ASEAN's exports of textile and allied products stood at US\$ 83.6 billion in 2023, recording a modest CAGR of 1.3% during 2019 to 2023. Vietnam was the top exporter among ASEAN nations, accounting for nearly 56.0% of the region's total exports of textile and allied products in 2023, followed by Indonesia (share of 13.9%), Cambodia (9.7%), and Thailand (7.3%). The top four countries collectively contributed over 85% of ASEAN's total exports of textile and allied products in 2023, underscoring their dominance in the region's export landscape.

Vietnam's exports demonstrated resilience, recording a CAGR of 4.4% during 2019-2023, driven by its exports of apparels and yarns. Singapore also recorded a positive exports growth during this period. Other major countries in ASEAN recorded a negative CAGR in exports of textile and allied products during 2019-2023.

ASEAN's textile and allied products imports from the world stood at US\$ 58.4 billion in 2023, exhibiting a CAGR of 2.8% during 2019 to 2023. Vietnam is also the largest importer in ASEAN, accounting for nearly 47.9% of the region's total imports of textile and allied products in 2023. Indonesia ranked second with 14.2% share, followed by Cambodia (9.1% share) and Thailand (8.9%). Together, these four countries accounted for over 80% of ASEAN's total textile and allied products imports in 2023.

During 2019-2023, Vietnam's imports recorded a healthy CAGR of 7.7%, driven by its growing demand for raw materials to support its export-oriented textile industry. In contrast, imports by other top importing countries declined or remained modest during the period under consideration.

Positioning India and ASEAN Countries in the Global Textile Value Chain

The analysis of India and ASEAN countries' positioning in the global textile value chain highlights overlapping strengths in some segments. India ranked 5th globally in exports of fibres, 2nd in exports of yarns, and 4th in exports of fabrics in 2023, indicating that India is leveraging its vast raw material base to enhance backward linkages. In the finished goods segment, India ranked 8th in the exports of readymade garments globally in 2023. India is also a strong player in the 'other textiles' segment, ranking 3rd globally, showcasing its capabilities in home textiles and other finished textiles products.

Among ASEAN countries, Vietnam has positioned itself as one of the global leaders in the readymade garments segment. In 2023, Vietnam ranked 3rd globally in exports of readymade garments, 3rd in exports of yarns, 9th in fabrics, and 10th in other textiles. Thailand has also positioned itself among

the top 10 exporters in the segment of fibres, particularly for manmade fibres. Indonesia is also among the top 10 exporters in fibres and yarns.

ASEAN-India Bilateral Trade in Textile and Allied Products

Trade and investment are important areas of economic collaboration between ASEAN and India. The ASEAN-India Trade in Goods Agreement, which came into effect in January 2010, has played a key role in strengthening this partnership. Under the Agreement, ASEAN member states and India have committed to open their markets by gradually reducing and eliminating duties on 76.4% of goods and liberalising tariffs on over 90% of goods.

Since its implementation, merchandise trade between ASEAN and India has doubled from US\$ 52.5 billion in 2010 to US\$ 106.8 billion in 2023. While India's exports to ASEAN countries increased by nearly 1.7 times during this period, India's imports from ASEAN witnessed a sharper growth by more than 2.2 times during the same period. As a result, India's trade deficit with ASEAN countries has grown by more than four-fold since the implementation of AITIGA, growing from (-) US\$ 6.7 billion in 2010 to (-) US\$ 27.2 billion in 2023. Against this backdrop, the study examines the trends in ASEAN-India trade in textiles and allied products. It analyses the segment-wise export competitiveness of India and ASEAN, bilateral trade intensity between India and ASEAN nations, and tariff concessions under AITIGA, to assess the market access India has gained in ASEAN countries under the Agreement, and identify strategies for future renegotiations.

ASEAN-India Trade in Textile and Allied Products

ASEAN countries accounted for 3.3% of India's total exports of textile and allied products and 12.5% of imports of these products in 2023. India's exports of these products to ASEAN reached US\$ 1.1 billion in 2023, recording a marginally negative CAGR of (-) 0.016% during 2010 to 2023, with intermittent periods of growth and decline. Meanwhile, India's imports of textile and allied products from ASEAN have more than tripled since 2010, at a CAGR of 10.5% during 2010 to 2023.

It is noteworthy that since 2022, India's exports of textile and allied products to ASEAN have declined for two consecutive years, primarily due to a sharp fall in cotton-related exports. India's imports from ASEAN, also saw a sharp decline in 2023 after steady growth in 2021 and 2022. Due to a steeper decline in exports, India's trade balance with ASEAN in textiles and allied products shifted from a surplus of US\$ 0.45 billion in 2021 to a deficit of (-) US\$ 0.02 billion in 2023.

Among ASEAN nations, Vietnam was the top export destination for India in 2023, accounting for 30.5% of India's total exports of textile and allied products to the region, followed by Malaysia (share of 20.1%), Thailand (16.1%), Indonesia (13.4%), Philippines (6.9%) and Singapore (6.6%), among others. On the import front as well, Vietnam emerged as the largest source, contributing 42.8% of India's textile imports from ASEAN in 2023, followed by Indonesia (23.3%), Thailand (21.3%), Malaysia (5.6%), and Cambodia (3.6%).

In terms of trade balance, India maintains a trade surplus in textile and allied products with countries like Malaysia, Philippines, Singapore and Myanmar, and trade deficit with key partners like Vietnam, Thailand, and Indonesia. This growing trade imbalance could be on account of better access to Indian market for exports from Vietnam, Indonesia and Thailand, as also their growing importance as key suppliers of textile and allied products globally. Meanwhile, India's textile trade with Brunei Darussalam and Lao PDR remains minimal.

An attempt has been made in the study to analyse India's trade in textile and allied products with the 5 key trading partners in ASEAN viz. Vietnam, Thailand, Indonesia, Malaysia and Philippines. Analysis reveals that the top 10 textile and allied products (at HS 6-digit level) exported from India to these five ASEAN countries accounted for more than half of the overall textile exports to ASEAN countries, indicating significant product concentration. Interestingly, these top 10 products accounted for only 16.2% of the overall imports of textile and allied products by the five ASEAN countries, indicating that major products exported by India account for a relatively lower proportion of ASEAN's total import demand of textile and allied products.

An analysis of staging categories of the top 10 textile products exported from India to the five ASEAN countries under consideration, indicates that while the top three exported products fall under the normal track (NT-1 and NT-2) categories for all five countries, several other products in the top 10 export categories are listed in the sensitive track (ST), highly sensitive list (HSL) or exclusion list (EL), thereby limiting market access for India. Vietnam, Indonesia and Malaysia have adopted a restrictive stance by placing a significant share of the top 10 exported products by India under EL, ST or HSL schedules. Woven fabrics, containing predominantly polyester, which is the 5th largest exported product from India to these countries, features in the sensitive lists of 4 out of the five ASEAN nations under consideration. This reflects ASEAN nations' selective approach to trade liberalisation in textiles with respect to India. Such restrictiveness enables ASEAN nations to bolster their domestic supply chains while limiting imports from India, particularly in high-growth segments like man-made fibres and value-added textiles.

Analysis of exported products at HS 8-digit⁵ has also been undertaken in the study to understand top products witnessing a decline in exports from India to ASEAN in the recent years, as well as products where imports by India from ASEAN have witnessed significant surge in the recent years. As per the analysis, 8 out of the top 20 products facing steepest decline in India's exports to ASEAN are in the category of yarns and fabrics of polyester/synthetic fibres. Besides these products, 5 products from the categories of cotton yarns, cotton fabrics, apparel of cotton and other made-up articles of cotton also recorded steep decline in exports from India to ASEAN, having more than halved in value cumulatively, during the period 2019 to 2023. This trend aligns with weakening demand for cotton products in ASEAN and a growing preference for synthetic and man-made fibres, reinforcing the relevance of the Government of India's recent focus on strengthening the MMF value chain.

Meanwhile, India's imports from ASEAN have especially surged in specialised textiles products, apparel, and technical textiles during 2019-23. This suggests

⁵ Only products with exports/imports of US\$ 1 million have been considered, to ensure that there is enough domestic capacity and competitiveness in the segment.

ASEAN's ability to access India's market for these products, possibly due to the favourable tariff concessions. Notably, 13 out of the top 20 products showing high growth in imports from ASEAN are under NT-1 and NT-2 categories for ASEAN countries, indicating that the tariffs on these products have been eliminated by 2019 by India, under AITIGA.

Analysis of Trade Complementarity between India and ASEAN

A Free Trade Agreement will be beneficial only if there exists complementarity between the export supply of a country and the import demand of the partner country. To assess this complementarity, the concept of Trade Complementarity Index (TCI) analysis has been utilised in the study. Analysis of the TCI for India's textile exports to ASEAN countries suggests that Singapore, Thailand, Malaysia, the Philippines, and Brunei Darussalam have high trade complementarity, with TCI values exceeding 70, indicating significant alignment between India's textile export profile and their import needs. Specifically, Malaysia, Thailand, and Philippines, emerge as key markets where India's textile exports align closely with their import demand profile. On the other hand, Vietnam, which is the topmost destination for India's textile exports to ASEAN, exhibited relatively low TCI value, reflecting limited complementarity between India's export profile and Vietnam's textile import demand. Similarly, TCI values are also low in case of Indonesia, which is the 4th largest destination in ASEAN for India's textile exports. On the import side, Thailand and Malaysia, had TCI values above 70, indicating a significant match between their export profiles and India's import requirements. However, rest of the ASEAN countries exhibited low TCI values for exports to India.

Based on this analysis, Thailand and Malaysia stand out as complementary partners for India among ASEAN countries, exhibiting strong complementarity for both India's textile exports and imports. India could look at capitalising on the high complementarity with these two countries. On the other hand, Cambodia fares poorly on both fronts, with low TCI values for exports and imports, signaling low levels of trade complementarity. This may be due to similar strengths of India and Cambodia in manufacturing of cotton garments. Moreover, in the case of Vietnam and Indonesia, it is noteworthy that, while

their export profiles do not fully align with India's import demand, India's imports from these countries have risen substantially, possibly due to the easier market access provided to these countries by India under AITIGA.

Value Chain Analysis using Trade Indices

Value chain-wise analysis indicates that fabrics was the largest category of exports from India to ASEAN in 2023, accounting for about 29.1% of India's total export of textile and allied products to ASEAN, followed by yarns (28.7%), readymade garments (19.6%), fibres (12.1%) and other textiles (10.6%). Fabrics and yarns were also the topmost segments for India's imports of textile and allied products from ASEAN in 2023, followed by fibres, readymade garments, and other textiles.

To assess the comparative advantage of India and ASEAN countries across the value chain of textile and allied products, a Revealed Comparative Advantage (RCA) analysis has been employed. Additionally, Trade Intensity Index (TII) for both exports and imports has been used to assess the importance of the partner country in India's trade, relative to their importance in world trade.

Analysis indicates that in the fibres segment, India holds a strong comparative advantage with an RCA of 2.31, when compared to ASEAN nations like Indonesia, Thailand, and Myanmar, which also exhibit competitiveness in this segment. Despite the better comparative advantage, India's import intensity is high in the case of Indonesia and Thailand, indicative of larger than expected imports from these countries. India holds a substantial trade deficit in the segment with respect to these two countries, primarily on account of large imports of MMFs. Furthermore, while Singapore, Malaysia, and the Philippines lack a comparative advantage in textile fibres, India faces trade deficits with these countries. It is noteworthy that India's $TII_{Exports}$ in most ASEAN countries except Brunei and Vietnam remains less than 1, indicating that ASEAN's fibres market remains relatively under-tapped by India, offering substantial scope for tapping the demand in these markets through enhanced market access. It is concerning that in the case of Vietnam, which does not even have a comparative advantage in this category, the intensity of India's imports from the country is substantially higher than expected.

In the yarns segment, India holds a significant competitive edge with an RCA of 5.91, as compared to ASEAN countries like Vietnam and Indonesia that also exhibit comparative advantages. However, despite Indonesia's lower comparative advantage, India records high import intensity and sizable trade deficit. India's import intensity is also high with Singapore and Thailand, even though these countries lack comparative advantage in textile yarns, resulting in India's significant trade deficit with them. Meanwhile, analysis of $TII_{Exports}$ indicates that India has effectively tapped into the demand for yarns in Vietnam, Malaysia, the Philippines, and Myanmar, leading to a favourable trade balance.

In the fabrics segment, India and Vietnam are the only countries with comparative advantage. Notwithstanding the better comparative edge, India's import intensity in the segment is much higher than export intensity with Vietnam, leading to a significant trade deficit in this segment with Vietnam. Analysis in the study highlights that India is also significantly importing cotton fabric from Vietnam despite having sufficient domestic capacities in the segment. India's import of fabric is larger than expected even from countries that lack a comparative advantage in the segment, including Indonesia, Malaysia, Thailand, and Philippines. Of these, India holds a trade deficit with Philippines in this segment. Meanwhile, the $TII_{Exports}$ analysis reveals that India has been able to effectively tap the export markets of Singapore, Malaysia, Thailand and Brunei.

In the RMG segment, India holds a comparative advantage but to a lesser degree than countries like Vietnam, Cambodia, Myanmar, and Lao PDR, leading to a trade deficit with these nations in the segment. India also holds a trade deficit with Indonesia, despite Indonesia lacking comparative advantage in RMG. It is noteworthy that India's import intensity in this segment is low with all ASEAN countries, which may be on account of India's strong domestic capabilities to cater to demand in the segment. India has been able to effectively tap the export markets of Malaysia, Philippines, Myanmar and Brunei, and has further scope to tap markets such as Singapore and Thailand in this category.

In the 'other textiles' segment, India exhibits strong comparative advantage relative to ASEAN countries like Vietnam and Cambodia, yet holds a negative trade balance with these countries. It is noteworthy that India also holds a negative trade balance with Indonesia and Thailand, which do not have a comparative advantage in the segment. The $TII_{Imports}$ analysis indicates that the intensity of India's imports from Indonesia, Malaysia and Thailand is higher than expected with values greater than 1, despite these countries not possessing a comparative advantage in this segment. Meanwhile, India has been able to effectively tap the demand in this segment, in the markets of Singapore, Malaysia, Thailand, and Philippines, as indicated by $TII_{Exports}$ values.

Tariff Analysis

Review of Tariff Concessions under AITIGA

The study analyses the effectively applied tariff on textiles and allied products by India and the five ASEAN countries under consideration, providing a comparative perspective of the tariff landscape before and after the implementation of AITIGA, on a bilateral basis. The study also analyses the tariff staging category-wise exports from India to the five ASEAN countries, on a bilateral basis, to understand the scenario of market access for India in these markets.

Analysis indicates that India has maintained a protectionist stance in textile imports from the top 5 ASEAN countries viz. Vietnam, Indonesia, Thailand, Malaysia and Philippines, with majority of the tariff lines being placed under the tariff range of 20% and above for all of these countries. Despite this, India's imports of textile and allied products from these countries have grown substantially, except in case of Philippines, where India's imports grew modestly.

The five ASEAN countries under consideration have lowered tariffs on their textile imports from India, yet India's exports and market share in these countries have grown only marginally. This is despite having substantial export capacities in India and import demand in these markets. In markets such as

Indonesia and Malaysia, the limited market share could be because majority of the tariff lines for imports from India were in the ST and EL categories. This indicates the need for negotiating greater market access by India in these markets. On the other hand, in Vietnam, Thailand and Philippines, India's market share is low despite majority of the tariff lines being in the NT-1 and NT-2 categories in these countries. This indicates that Indian exporters have not been able to tap into these markets despite the existing tariff concessions.

Tariff Lines of Offensive Interest for India

An attempt has been made to identify the tariff lines in the textile industry that are of offensive interest for India in the context of AITIGA. Offensive interest refers to products where greater market access could be prioritised during trade negotiations. These tariff lines represent products for which reducing tariffs or eliminating trade barriers would be critical for expanding market opportunities. Among the textile and apparel goods exported to the top 5 ASEAN countries, the top 10 products of offensive interest to India in each of the top 5 ASEAN countries have been individually listed out in the study.

Analysis indicates that in case of Vietnam, majority of the products of offensive interest to India comprise products such as polyester yarns, staple fibre of polyester, mixed yarns, worn clothing, and woven cotton fabrics. In some of these products, like worn clothing textiles, India faces tariffs as high as 100% in the Vietnamese market.

Similarly, in Thailand, products of offensive interest to India include women's and men's apparel, polyester yarn and fabrics, silk waste, and textile accessories like gloves and mittens. Of these, certain items, such as women's apparel and gloves, attract tariffs of around 30%.

In Indonesia, products of offensive interest to India include mainly apparel, home textiles, and cotton fabrics, such as several home textile products. In Malaysia, products such as apparels, yarns, fabrics, and home textiles such as table linen and bed linens have been identified as products of offensive

interest for India. In case of Philippines, the products of offensive interest for India include mainly readymade garments.

Tariff Lines of Defensive Interest for India

An attempt has also been made to examine tariff lines of defensive interest to India in the textile industry, in the top five ASEAN trading partners. Defensive interest refers to products where trade barriers should be maintained against foreign competition. India should maintain high tariffs for these products or implement measures to safeguard domestic industries from potential negative impacts of increased imports. Top 10 products of defensive interest for India in the top 5 ASEAN countries have been listed out individually in the study.

In case of Vietnam, several of the products of defensive interest are cotton-based, where India has export competitiveness. Among fibres, raw silk has been included in the list of products with defensive interest for India with respect to Vietnam. However, natural fibres have limited supply capabilities and may require low import restrictions if domestic supplies are not sufficient to meet downstream demand.

Several products of defensive interest with respect to Indonesia are MMF-based where India is attempting to build domestic capacities. In Thailand, several products of defensive interest are in the upstream segments of the MMF value chain.

In Malaysia, products of defensive interest for India mainly comprise cotton fabrics, non-woven fabrics of man-made/synthetic fibres, and yarns of man-made fibres. The significant growth in imports of cotton-based fabrics is particularly of concern with respect to Malaysia. Lastly, products such as narrow woven fabric of man-made fibres, cleaning cloth, stockings/socks; men's/boy's trousers; coconut, abaca Manila hemp fibres are commodities of defensive interest for India with respect to Philippines.

Conclusion

This study examines the structure and trade patterns of the textile industry between India and ASEAN nations. As per the Study, despite India's protectionist stance post-AITIGA, India's imports from the top ASEAN partners have grown substantially. The study also highlights that a significant proportion of textile products have been placed under exclusion lists and sensitive tracks by major ASEAN trading partners, such as Indonesia, Thailand, and Malaysia, restricting duty-free market access for India. In addition, the study also notes the underutilisation of opportunities in ASEAN markets by Indian exporters despite zero-duty under AITIGA across markets such as Philippines and Vietnam. This, coupled with growing trade imbalances, underscores the need for renegotiating FTA terms to achieve equitable market access and unlock trade potential. The Study identifies the list of top offensive products where India could push for greater market access. These are products that have been placed under exclusion lists by ASEAN nations, but India has substantial export capacities and there is robust import demand in ASEAN countries. A list of defensive products has also been identified where India should maintain high tariffs or implement measures to safeguard domestic industries and correct trade imbalance. There is also a need to promote greater utilisation of the existing tariff concessions available in the ASEAN markets.

1. Introduction

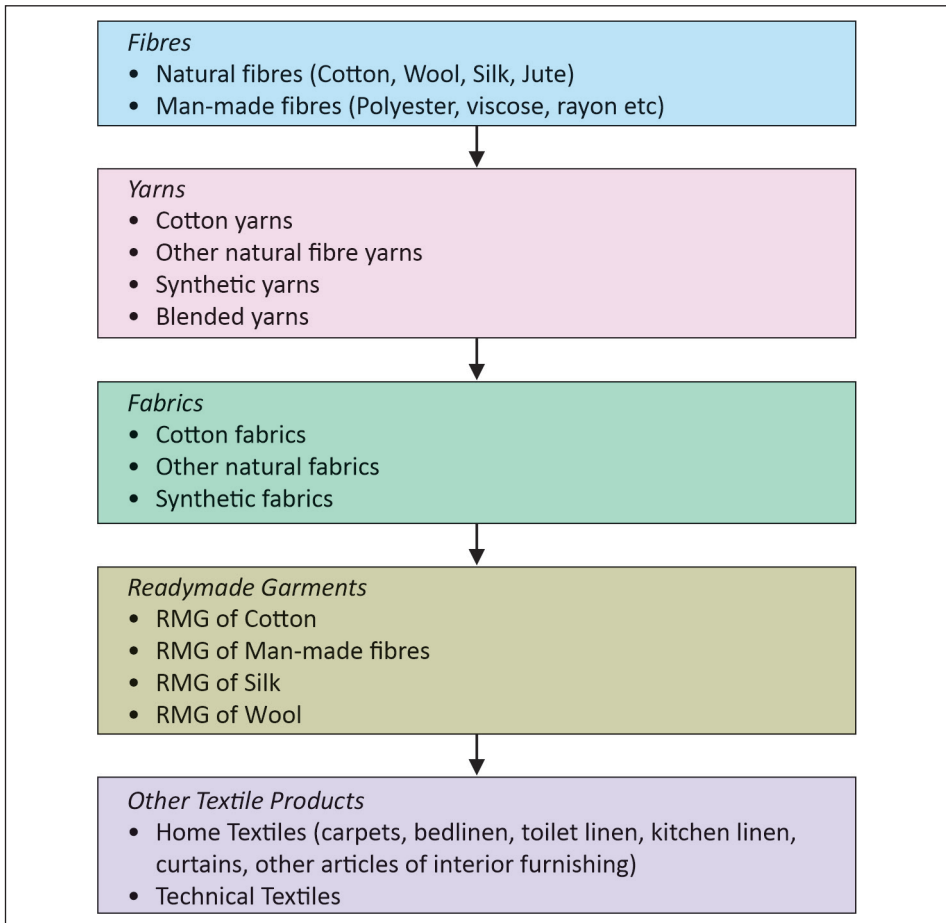
Background

The textile industry is one of the largest and most diverse sectors globally, playing a pivotal role in the economic development of many countries. It encompasses the design, production, and distribution of textiles and textile products, ranging from raw materials to finished goods. The industry is characterised by its extensive value chain, numerous sub-segments, and its integration into everyday life through apparel, home furnishings, and industrial applications.

The textile value chain is a complex and interconnected sequence of processes that transforms raw materials into finished products, catering to diverse consumer and industrial needs. It begins with the fibres stage, which forms the foundation of the chain. Fibres can be natural, such as cotton, wool, silk, or flax, derived from plants and animals, or synthetic, like polyester, nylon, and acrylic, manufactured from petrochemical-based processes. This stage focuses on cultivating or producing fibres, often involving activities such as farming, harvesting, or chemical polymerisation.

In the next stage, fibres are processed into yarns through spinning techniques. Spinning involves twisting fibres together to create threads of varying thickness, strength, and elasticity. Depending on the intended application, different types of yarns can be produced, including blended yarns. This stage plays a crucial role in determining the durability and quality of the final textile products.

Exhibit 1.1: Textile Value Chain



The fabric stage follows, where yarns are converted into textiles through processes such as weaving, knitting, or non-woven techniques. Non-woven techniques involve bonding fibres directly using heat, chemicals, or mechanical methods, commonly used for industrial and medical applications. At this stage, the functional and aesthetic characteristics of fabrics are defined, including texture, colour, and patterns, often enhanced by dyeing, printing, or finishing processes.

The next stage of the value chain is readymade garments or finished textile goods. This involves cutting, stitching, and assembling the fabric into apparel such as shirts, trousers, dresses, and jackets. This stage incorporates design

and fashion elements, aligning products with consumer preferences and trends. Readymade garments represent a significant stage of value addition and are a key driver of employment, accounting for approximately 58% of jobs in the global textile industry.

Beyond garments, the value chain extends to other textile products, which encompass a wide range of applications. These include home textiles like curtains, bed linen, and upholstery, offering comfort and style for living spaces. Technical textiles cater to specialised uses, such as geotextiles for civil engineering, medical textiles for healthcare, and industrial textiles for automotive and construction purposes. These products often involve advanced engineering and high-performance materials.

Scope of the Study

The textile and garment industry plays a critical role in the Indian economy, with significant contribution to India's industrial output, employment and exports. As per data from the Ministry of Statistics and Programme Implementation, the textile and allied products industry is estimated to account for approximately 10.6% of India's manufacturing GVA and nearly 1.4% of India's GDP (at current prices) during 2022-23. Exports of textile and allied products from India stood at US\$ 34.4 billion, contributing to about 7.9% of India's merchandise exports in 2023-24. Considering its importance for economy and trade, it is important to analyse the impact of Free Trade Agreements (FTAs), particularly with competitor countries, on the sector.

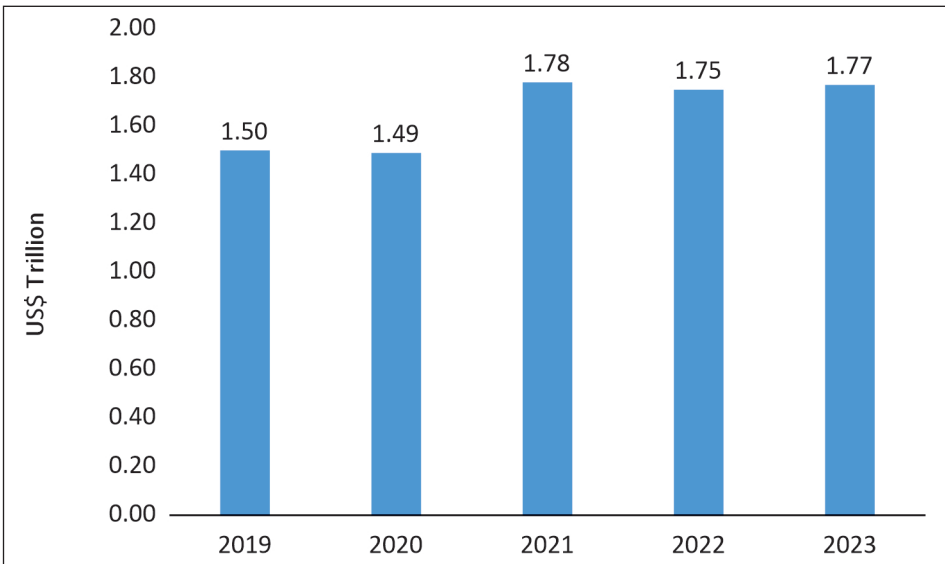
Against this backdrop, the study aims to analyse the trade in textile and allied products between India and ASEAN countries in the context of the ASEAN-India Trade in Goods Agreement (AITIGA). The study examines the trends in textile production, as well as trade between India and ASEAN, focusing on major competitor countries. The study analyses the segment-wise export competitiveness of India and ASEAN, bilateral trade intensity between India and ASEAN, and tariff concessions in the context of the AITIGA. By doing so, the study aims to analyse the segment-wise market access that India has gained in ASEAN countries under the AITIGA and identify gaps, if any. Accordingly, the study suggests focus segments for renegotiating AITIGA, along with list of offensive and defensive tariff lines.

2. Scenario of Textile Production

Global Scenario

The global textile and allied products⁶ output was valued at US\$ 1.77 trillion in 2023, accounting for nearly 1.7% of global GDP in 2023. After witnessing a slight dip in 2022, global output recorded a y-o-y growth of 1.1% during 2023. During 2019 to 2023, global textile and allied products output recorded a healthy CAGR of 4.2% (Exhibit 2.1). Of the total output, nearly 60.5% is from the textile segment, while apparel segment represented the remaining 39.6% share in global output in 2023 (Exhibit 2.2).

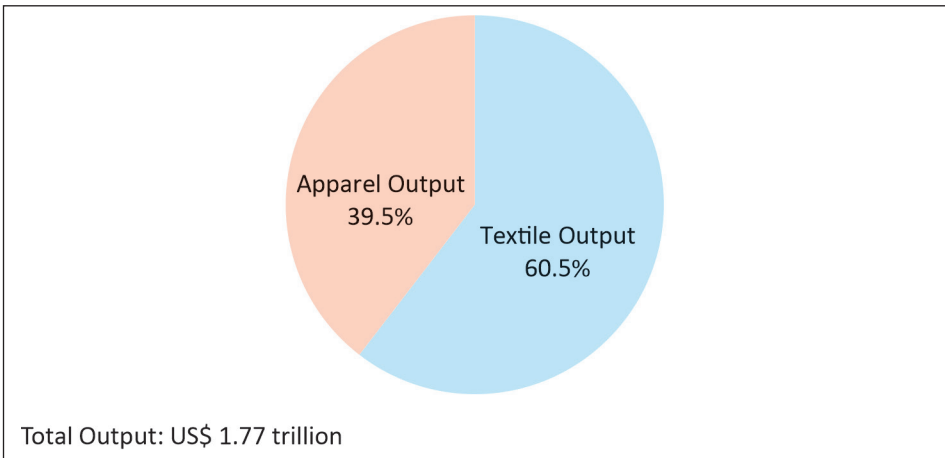
Exhibit 2.1: Trends in Global Textile and Allied Products Output



Source: Statista, Exim Bank Research

⁶ Excluding natural and synthetic fibre production

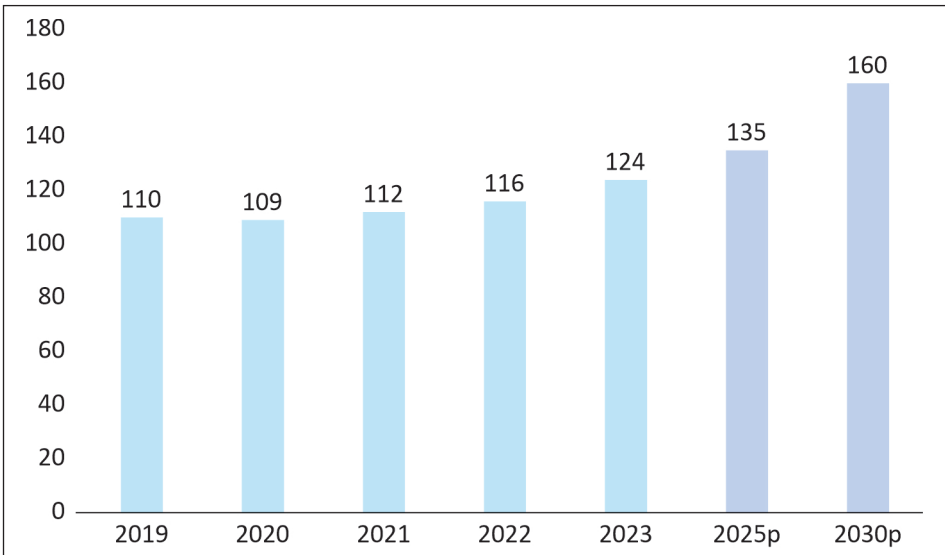
Exhibit 2.2: Global Textile and Allied Products Output by Segments (2023)



Source: Statista, Exim Bank Research

Global fibre production reached a record 124 million tonnes in 2023, marking a y-o-y increase of 7% (Exhibit 2.3). Global fibre production has more than

Exhibit 2.3: Trends in Global Fibre Production (Value in Million Tonnes)



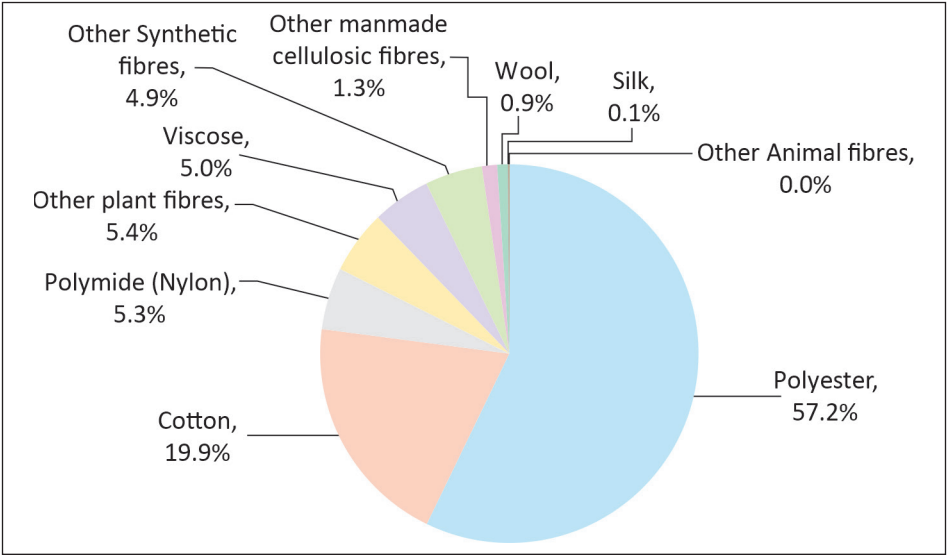
Note: p- projections

Source: Textile Exchange's Annual Materials Market Report, Exim Bank Research

doubled since the year 2000, when it stood at nearly 58 million tonnes⁷. Over the recent period, fibre production has recorded a CAGR of 3% between 2019 and 2023. It is projected to reach 160 million tonnes by 2030, witnessing a CAGR of 3.7% from 2023 to 2030. Polyester has been the primary driver of this growth, overtaking cotton as the most widely used fibre globally since the mid to late 2000s, primarily due to its affordability and versatility.

Segment-wise analysis indicates that synthetic fibres dominate the fibre market. At around 84 million tonnes, this fibre category made up approximately 67.4% of global fibre production in 2023⁸. Polyester alone represented around 57.2% of global fibre production in 2023 (Exhibit 2.4). Polyamide (nylon), the second-most used synthetic fibre, accounted for 5.3% of the global fibre market in 2023. Other synthetics —polypropylene, acrylics, and elastane—had a combined share of 4.9% in 2023. China is the topmost producer of synthetic fibres globally.

Exhibit 2.4: Global Fibre Production by Segments (2023)



Source: Textile Exchange’s Annual Materials Market Report, Exim Bank Research

⁷ Textile Exchange’s Materials Market Report 2024

⁸ Textile Exchange’s Annual Materials Market Report, 2024

Plant-based fibres, including cotton and other non-cotton fibres, constituted around 25% of the global fibre market in 2023. Cotton, the second-most significant fibre globally by volume, accounted for 19.9% of global fibre production in 2023. Other plant-based fibres, such as jute, hemp, flax, coir, and others, made up 5.4% of the global fibre market. While plant-based fibres are much more sustainable than fossil-based synthetic fibres, their ability to meet the growing global demand is limited due to challenges related to scalability and production limitations.

Among manmade cellulosic fibres (MMCFs), viscose (rayon) is the major category, contributing to 5% of global fibre production in 2023. Other MMCFs, including acetate, lyocell, modal, and cupro, collectively held a market share of 1.3%.

Lastly, animal fibres accounted for 1.0% of the global fibre market in 2023. Wool dominated this segment, with global clean wool production reaching approximately 1 million tonnes, representing 0.9% of global fibre production. Silk held a 0.1% share, and other animal fibres also held a 0.04% share, contributing minimally to the market.

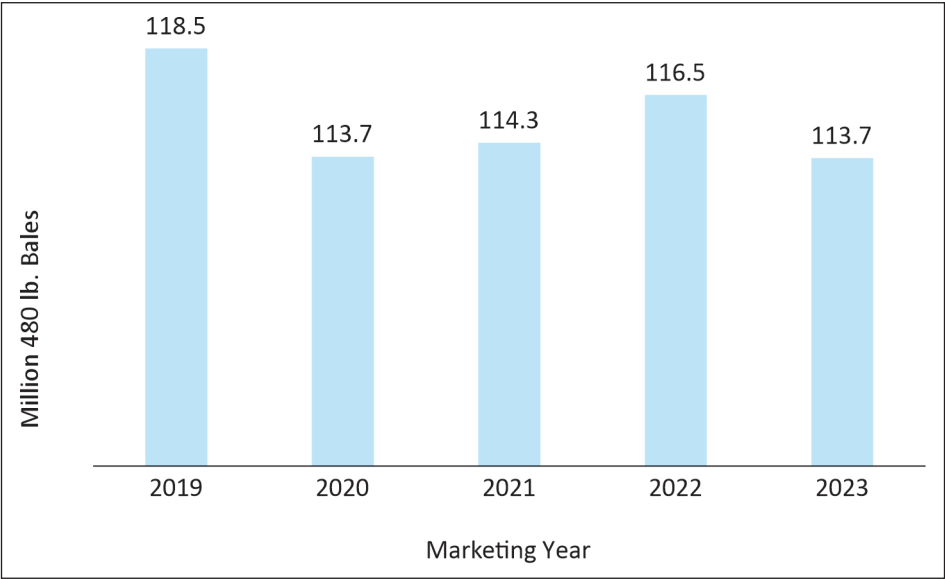
Global Cotton Production Scenario

As per data from the USDA, global cotton production was 113.7 million 480 lb. bales⁹ in Marketing Year (MY) 2023 (Exhibit 2.5). During MY 2019 to MY 2023, global cotton production recorded a CAGR of (-)1%. Global cotton production has shown fluctuating trends over the past five years, influenced by a variety of factors. In MY 2019, production stood at 118.5 million 480 lb. bales, but it declined to 113.7 million 480 lb. bales in MY 2020 due to disruptions caused by the COVID-19 pandemic, which affected farming activities, supply chains, and labour availability, along with unfavourable weather conditions in key producing regions. Production saw a slight recovery in MY 2021, increasing to 114.3 million 480 lb. bales, as global economies began to stabilise and agricultural activities resumed. The peak of 116.5 million 480 lb. bales in MY 2022 was driven by favourable climatic conditions and strong demand

⁹ USDA

recovery in the textile industry. However, in MY 2023, production declined back to 113.7 million 480 lb. bales, largely due to dip in global prices that affected production. These fluctuations underscore the vulnerability of global cotton production to external factors such as climate variability, market conditions, and logistical disruptions.

Exhibit 2.5: Global Cotton Production

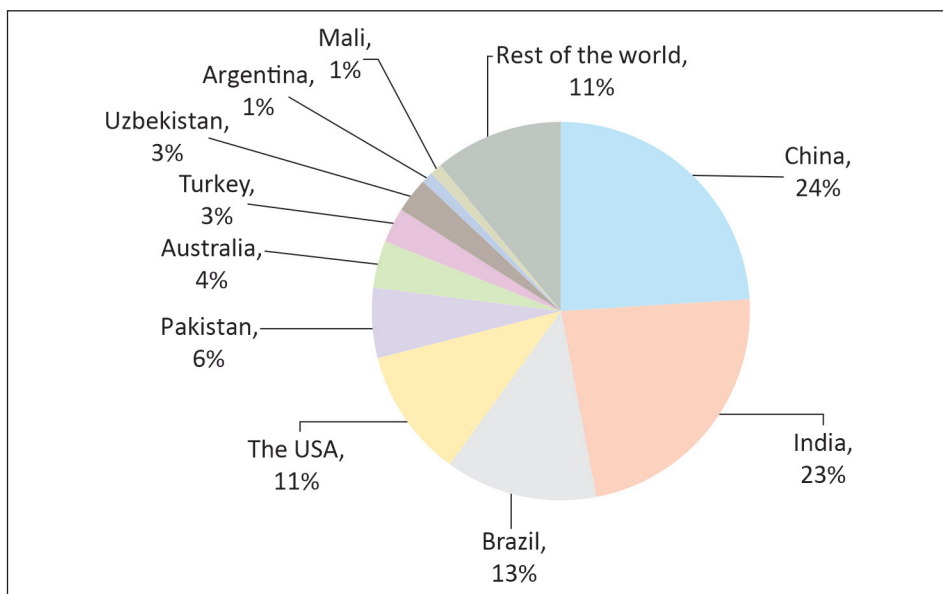


Source: USDA, Exim Bank Research

China leads global cotton production, contributing over 24% to the total, followed by India which is the second-largest producer with a 23% share, Brazil (13%), the USA (11%), and Pakistan (6%) in MY 2023 (Exhibit 2.6). In MY 2024, China’s cotton yield is projected to be 2,252 kilograms per hectare, significantly higher than India’s yield of 461 kilograms per hectare¹⁰, highlighting a considerable gap in productivity.

¹⁰ USDA

Exhibit 2.6: Top Cotton Producers (MY 2023)



Source: USDA, Exim Bank Research

Indian Scenario of Textile and allied Products Industry

India is one of the world's largest producers of textile and allied products, with production valued at US\$ 85.3 billion in 2023, accounting for a share of 4.7% in global production of textile and allied products in 2023¹¹. This industry contributes significantly to India's economy, accounting for approximately 10.6% of India's manufacturing GVA and nearly 1.4% of India's GDP (at current prices) during 2022-23.

India's Textile Production – Fibres

Cotton

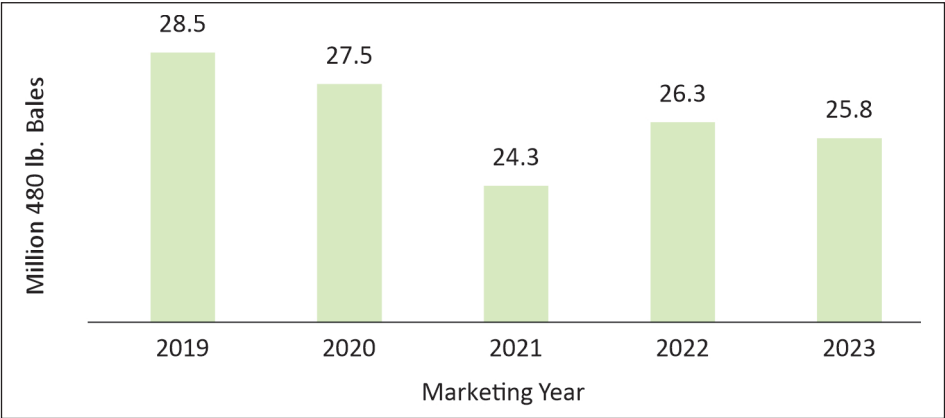
India has emerged as one of the largest producers, consumers, and exporters of cotton in the world, largely due to its favourable climate, vast cultivation area, and diverse cotton varieties¹². India is the world's second-largest

¹¹ Statista

¹² Annual Report 2023-2024, Ministry of Textiles

producer of cotton, with an estimated output of 25.8 million 480 lb. bales in MY 2023, accounting for 23% of global cotton production. During the year, cotton production saw a decline due to a dip in prices, and inclement weather in some regions (Exhibit 2.7). Approximately 62% of cotton in the country is produced in rain-fed areas and 38% on irrigated lands. During MY 2023-24, India’s productivity was around 461 kg/ha, which is much lower than the global yield.

Exhibit 2.7: India’s Cotton Production



Source: USDA, Exim Bank Research

Jute

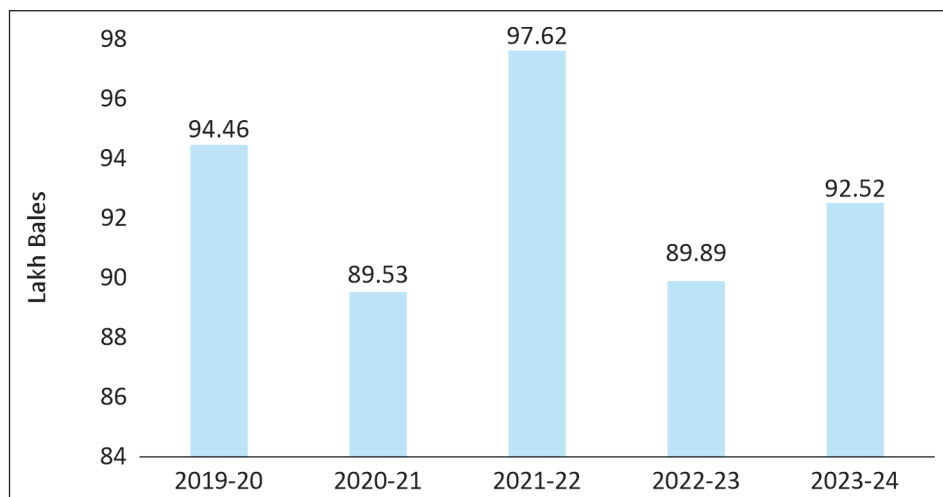
Jute, known as the golden fibre, is the second most important cash crop in India after cotton in terms of cultivation and usage. India is the largest producer of raw jute and jute goods in the world, contributing 50% and 40%, respectively, to the global production¹³. West Bengal, Assam, and Bihar are the major jute-growing states in the country. According to data from the Ministry of Agriculture and Farmers’ Welfare, the production of raw jute in 2023-24 stood at 92.52 lakh bales (Exhibit 2.8)¹⁴. As per a recent report published by the Directorate of Jute Development, there has been a gradual decrease in area under jute cultivation during 2018-19 to 2022-23. This is mainly due to diversion of area to other competitive and remunerative short

¹³ National Jute Board

¹⁴ First Advance Estimate of Production of Food Grains for 2024-25

duration crops like maize, sesame, vegetables etc. mainly in West Bengal, Assam, and Bihar, the major jute growing states¹⁵.

Exhibit 2.8: India's Jute Production



Source: Ministry of Agriculture and Farmers' Welfare, Exim Bank Research

Silk

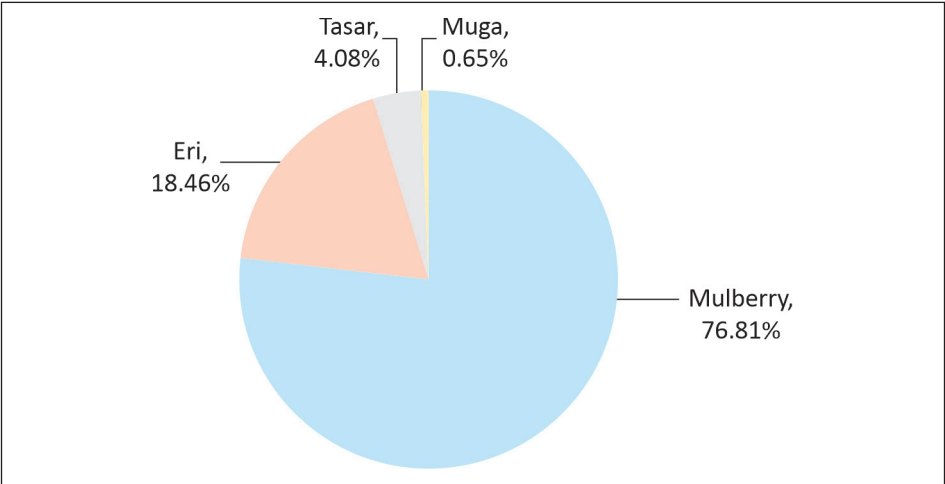
India is also a major player in the global silk industry, being the second-largest producer of silk after China and the largest consumer. India's silk production thrives largely due to its favourable climate, skilled labour, and diverse sericulture practices¹⁶. India has the distinction of being the only country producing all the four commercially known silks, namely, Mulberry, Tasar, Eri, and Muga, of which Muga with its golden yellow glitter is unique and produced exclusively in the northeastern region of India. In 2023-24, India produced nearly 38,913 metric tons of silk. Among the different segments, Mulberry silk accounted for the largest share of 76.81% in India's total silk production in 2023-24, followed by Eri at 18.46%, Tasar at 4.08%, and Muga at 0.65% (Exhibit 2.9).

¹⁵ Status of Raw Jute (Jute and Mesta), Directorate of Jute Development, Department of Agriculture & Farmers Welfare, Ministry of Agriculture & Farmers Welfare <https://jute.dac.gov.in/pdf/StatusPaper.pdf>

¹⁶ Ministry of Textiles Annual Report 2023-24

Silk Samagra-2 scheme is being implemented since 2022 for holistic development of the sericulture industry. The scheme consists of various components and sub-components under Mulberry, Vanya and Post-cocoon sectors. The programme synergises the efforts of State Governments and other implementing agencies to improve the quality, productivity and production of raw silk, besides generating employment opportunities, particularly in the rural areas¹⁷.

Exhibit 2.9: India’s Silk Production (2023-24)



Source: Ministry of Textiles Annual Report, Exim Bank Research

Man-made fibres

Man-made fibres are increasingly popular among weavers and spinners in India. Major varieties of man-made fibres produced in India include polyester, viscose, acrylic, and polypropylene. As per data from the Ministry of Textiles, Government of India, India is currently the second largest producer of both polyester and viscose, globally¹⁸.

In 2023-24, the production of man-made fibres amounted to 5,829.3 thousand

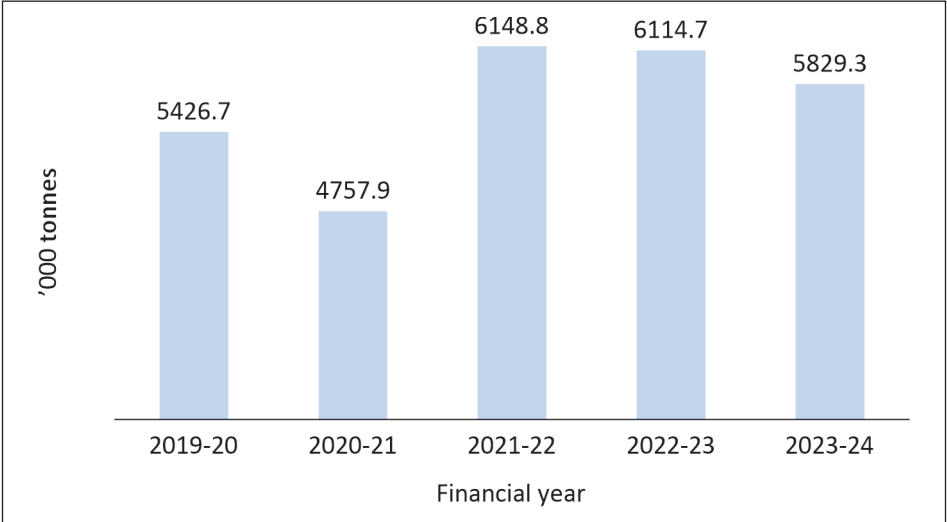
¹⁷ Centre takes multiple initiatives to boost exports, production & employment generation in Textiles Sector, PIB, 02 August 2024

¹⁸ Ministry of Textiles

tonnes (Exhibit 2.10). During 2019-20 to 2023-24, India’s production of man-made fibres recorded a modest CAGR of 1.8%.

To further support the growth of man-made fibres, the Government of India (GOI) has introduced the Production Linked Incentive (PLI) scheme for the Man-Made Fibres (MMFs) and Technical Textiles sectors. The scheme aims to attract investments, incentivise domestic manufacturing, and enhance the competitiveness of India’s MMF and technical textiles industries. A total of 73 companies have been selected under the PLI scheme.

Exhibit 2.10: India’s Man-made Fibre Production



Source: CMIE, Exim Bank Research

In 2021, the GOI also implemented the Quality Control Order (QCO) for select man-made fibres, which mandated users to purchase these products only from BIS license holders in domestic and international markets. However, the QCOs have been exempted for imports meant for use in goods that are to be exported.

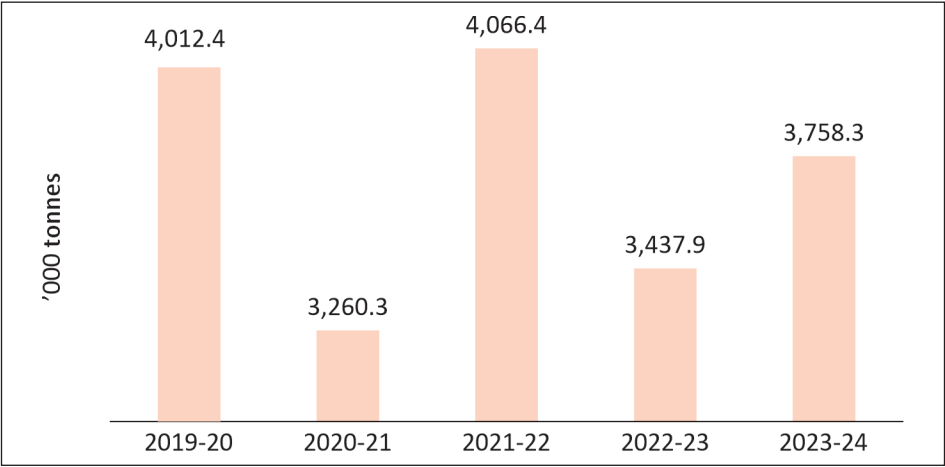
Together, these initiatives are expected to improve the production and quality of India’s man-made fibres.

India’s Textile Production – Yarns

Cotton Yarn

Over two-thirds of the total cotton yarn produced in India is consumed domestically across downstream segments, such as readymade garments and home textiles¹⁹. Following a sharp recovery in cotton yarn production in 2021-22, cotton yarn production declined sharply in 2022-23, due to subdued demand in both domestic and international markets. Further, Indian cotton prices were 20-25% higher than the international prices in FY 2022-23²⁰. The disparity between domestic and international cotton prices affected India’s global competitiveness during the year. In 2023-24, India’s cotton yarn production recovered, on the back of revival in demand from downstream industries (Exhibit 2.11).

Exhibit 2.11: India’s Cotton Yarn Production



Source: CMIE, Exim Bank Research

Synthetic Yarn

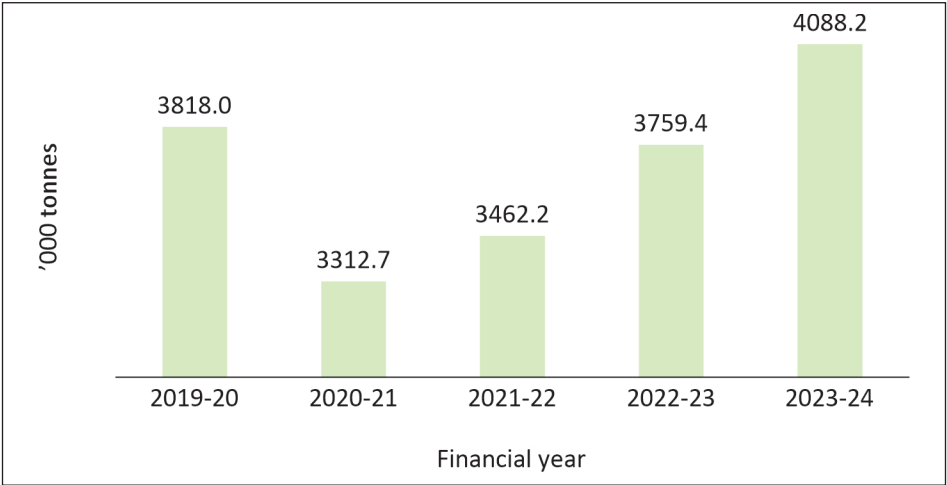
In 2023-24, synthetic yarn production reached 4,088.2 thousand tonnes (Exhibit 2.12). Following a decline in production in 2020-21, there has been a

¹⁹ ICRA (2024), Recovery in domestic cotton yarn demand to be gradual in FY2025: ICRA

²⁰ Care Edge Ratings, Cotton Yarn Industry Set for Revival with 5-7% Volume Growth in FY24, July 2023

steady growth in production of synthetic yarn in India since 2021-22, largely driven by the gradual reopening of the economy and the revival of demand in downstream industries, particularly domestic demand. As per data from CMIE Industry Outlook, a substantial portion of the synthetic yarn produced in India was absorbed by the domestic market. The consistent growth in synthetic yarn production reflects both a recovery from pandemic-related disruptions and strong demand.

Exhibit 2.12: India’s Synthetic Yarn Production

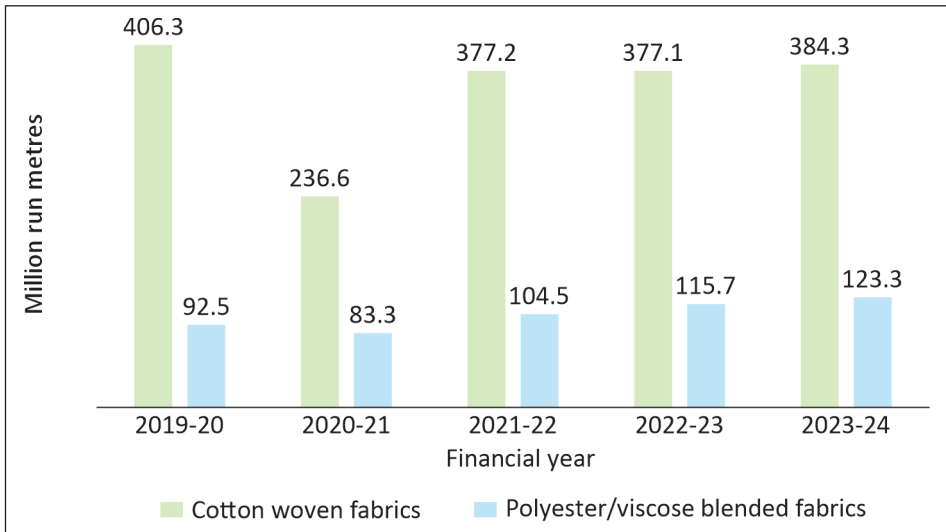


Source: CMIE, Exim Bank Research

India’s Fabric Production

In 2023-24, cotton fabric production in India stood at 384.3 million run meters (Exhibit 2.13), recording a y-o-y growth of 1.9%. During 2019-20 to 2023-24, India’s cotton fabric production recorded a negative CAGR of (-) 1.4%. There was a sharp fall in production in 2020-21, due to the disruptions related to COVID-19. There was a sharp recovery in cotton fabrics production thereafter in 2021-22. In 2023-24, with a slight recovery in demand from end-user segments, production of cotton fabric also recovered modestly. On the other hand, polyester/viscose fabric production exhibited a consistent healthy growth in the recent years, reaching 123.3 million run meters in 2023-24, and recording a CAGR of 7.4% during 2019-20 to 2023-24.

Exhibit 2.13: India's Fabric Production

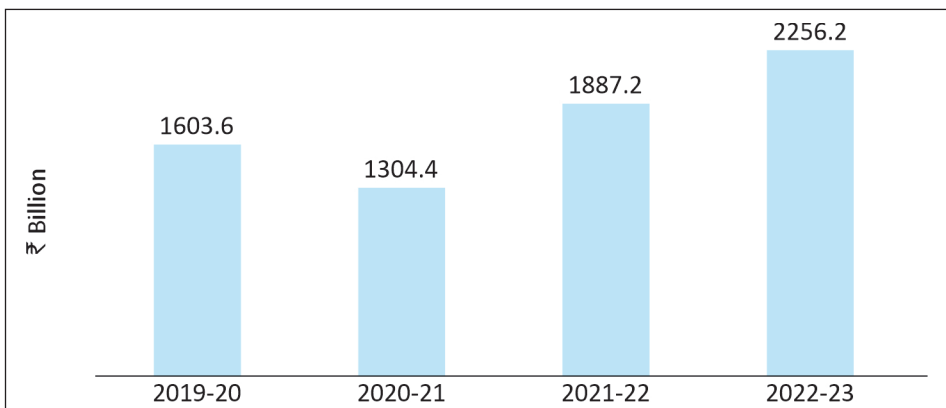


Source: CMIE, Exim Bank Research

India's Wearing Apparel Production

India's wearing apparel production has shown significant fluctuations in recent years. In 2022-23, the production value reached ₹2,256.2 billion, up from ₹1,887.2 billion in 2021-22. Weak economic growth in Western markets, coupled with inflationary pressures and elevated interest rates, have dampened consumer discretionary spending in recent years. However, demand conditions have started to gradually improve (Exhibit 2.14).

Exhibit 2.14: India's Wearing Apparel Production

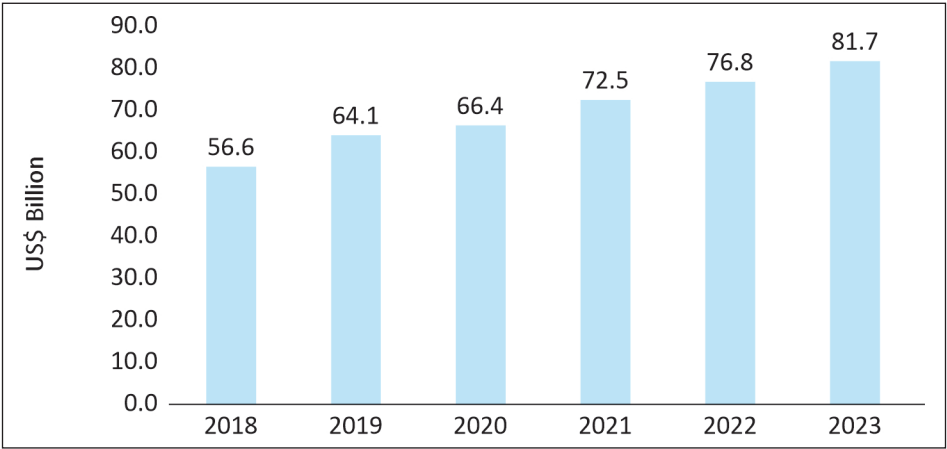


Source: CMIE, Exim Bank Research

Scenario of Textile and Allied Products Industry in ASEAN

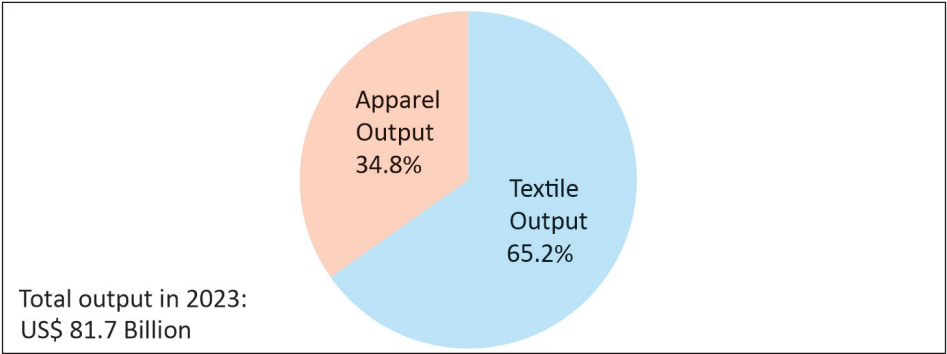
ASEAN region is a key contributor to the global production of textile and allied products, with total output of US\$ 81.7 billion in 2023, and a share of 4.5% in global output (Exhibit 2.15). Over the recent years, there has been a steady growth in ASEAN’s production of textile and allied products, recording a CAGR of 7.6% during 2018 to 2023. The textile segment accounted for 65.2% of ASEAN’s total industry output in 2023, while the apparel segment represented the remaining 34.8% share in the ASEAN’s industry output (Exhibit 2.16). As compared to the global average, ASEAN has a higher proportion of textile output relative to apparel output.

Exhibit 2.15: ASEAN’s Textile and Allied Products Output



Source: Statista, Exim Bank Research

Exhibit 2.16: ASEAN’s Textile and Allied Products Output by Segment



Source: Statista Exim Bank Research

Several ASEAN nations are crucial players in the global textile and allied products industry, with countries specialising in various segments of the industry. Vietnam, for instance, is a leading player in the industry, ranking third globally in exports of textile and allied products, behind China and Bangladesh²¹. The country is a key player in the segments of ready-made garments, fabrics and yarns, supported by its well-developed, integrated textile supply chain²².

Indonesia is also an important player in ASEAN's textile industry. In fact, among ASEAN countries, Indonesia is the second-largest exporter of yarns, RMG, and fibres²³. Pekalongan in Indonesia is a historic centre for textile production, known for its intricate batik fabrics. Increasing cost of doing business and cheaper imports from China, are affecting the textile industry in the country.

Meanwhile, among ASEAN countries, Thailand is the largest exporter for fibres and the second-largest exporter of fabrics, and other textiles²⁴. Thailand's textile industry has rapidly advanced in production of synthetic fibres.

Among ASEAN countries, Malaysia is the third-largest exporter for fabrics and other textiles and ranks as the fourth-largest exporter of fibres²⁵. Further, Myanmar is the fourth-largest exporter of RMG among the ASEAN countries, though it relies heavily on imports for raw material²⁶. Singapore, on the other hand, plays a crucial role in the industry as a major re-export hub, despite not being a significant producer of textiles.

Cambodia has emerged as a significant global supplier of textile and allied products in the recent years, ranking as the third-largest exporter of ready-made garments among the ASEAN countries²⁷. The country benefits from low

²¹ ITC Trademap

²² Fibre2Fashion

²³ ITC Trademap

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production costs, economies of scale, and a favourable exchange rate, which enhance its export competitiveness²⁸.

Overall, ASEAN region presents a dynamic and diverse textile ecosystem. Indian textile industry, with strength across the entire value chain, faces competition from different countries at various stages of the value chain.

Conclusion

Analysis in the chapter indicates that the global textile and allied products industry, valued at US\$ 1.77 trillion in 2023, remains a vital sector in the global economy, with synthetic fibres driving growth in production. India, contributing 4.7% to global output, stands out as a leading producer, especially in cotton, silk, raw jute and man-made fibres, catering to both domestic and export markets. Simultaneously, the ASEAN region is an important textile hub, with countries such as Vietnam, Indonesia, Thailand and Cambodia particularly excelling in different segments of the textile value chain.

²⁸ Fibre2Fashion

3. Trade Scenario

Global Textile and Allied Products Trade

Global exports of textile and allied products reached US\$ 876.5 billion in 2023, accounting for 3.7% of total global merchandise exports during 2023. During 2019 to 2023, global exports of textile and allied products recorded a CAGR of 1.6%. The subdued growth in global exports of textile and allied products may be attributed to several events that impacted the global economy during this period, such as COVID-19, geopolitical tension-led supply chain disruptions, tighter financial conditions and inflation, and lower consumption demand in key markets, among other factors.

Direction of Textile and Allied Products Trade

China dominates the global textile and allied products exports, accounting for 33.4% of global exports of these products in 2023, followed by Bangladesh (share of 5.7%), Vietnam (5.3%), Germany (4.8%), Italy (4.6%) and India (3.9%), among others. Meanwhile, the USA is the largest importer of textile and allied products globally, with a share of 14.8% in global textile imports in 2023, followed by Germany (7.2%), France (4.4%), Japan (4.2%) and Italy (3.9%), among others (Table 3.1).

Table 3.1: Global Top Exporters and Importers of Textile and Allied Products in 2023

Rank	Exporters	Export Value (US\$ Billion)	% Share in Global Exports	Importers	Import Value (US\$ Billion)	% Share in Global imports
1	China	292.6	33.4%	The USA	114.4	14.8%
2	Bangladesh	49.6	5.7%	Germany	55.3	7.2%
3	Vietnam	46.8	5.3%	France	33.8	4.4%
4	Germany	42.4	4.8%	Japan	32.5	4.2%
5	Italy	40.7	4.6%	Italy	30.1	3.9%
6	India	34.2	3.9%	China	29.9	3.9%
7	Turkey	32.9	3.8%	Vietnam	28.0	3.6%
8	The USA	26.5	3.0%	The UK	27.8	3.6%
9	France	21.4	2.4%	Spain	25.5	3.3%
10	The Netherlands	20.4	2.3%	The Netherlands	21.4	2.8%
11	Spain	19.3	2.2%	South Korea	17.6	2.3%
12	Pakistan	16.2	1.9%	Poland	17.3	2.2%
13	Belgium	15.8	1.8%	Canada	15.6	2.0%
14	Poland	14.5	1.7%	Bangladesh	13.9	1.8%
15	Indonesia	11.6	1.3%	Mexico	13.3	1.7%

Source: ITC Trademap, Exim Bank Research

Composition of Textile and Allied Products Trade

In terms of composition of textile and allied products exports, knitted or crocheted articles of apparel and clothing accessories is the largest exported product category globally, accounting for a share of 30.5% in global exports of textile and allied products in 2023, followed by non-knitted/non-crocheted articles of apparel and clothing accessories (share of 28.3%), other made-up textile articles (8.8%), man-made filaments (6.2%), among others.

Between 2019 and 2023, global exports of textile and allied products experienced varied growth across different product categories, reflecting

both structural shifts and evolving demand patterns (Table 3.2). Across different product categories, maximum growth was registered in the category of other vegetable textile fibres, paper yarn, and woven fabrics of paper yarn, which registered a CAGR of 4.8% during 2019-23, reflective of rising demand for eco-friendly and functional materials. Other made-up textile articles followed closely, registering CAGR of 3.5%, followed by knitted or crocheted articles of apparel and clothing accessories (CAGR of 2.9%) and non-knitted/non-crocheted articles of apparel and clothing accessories (1.5%), reflecting steady global demand for apparels. Meanwhile, silk segment witnessed the sharpest decline in exports, registering a CAGR of (-) 3.1%, followed by wool, animal hair (CAGR of (-) 2.8%), and cotton ((-) 2.0%). Exports of special woven fabrics, such as lace, tapestries, and embroidery also contracted with negative CAGR of (-) 1.0%, while man-made staple fibres registered a CAGR of (-) 0.6%.

Table 3.2: World Exports of Textile and Allied Products by Product Category (2019-2023)

Products	2019	2020	2021	2022	2023	CAGR (2019-23)	% Share in 2023
Total	821.5	784.0	907.6	958.0	876.5	1.6%	100.0%
Articles of apparel and clothing accessories, knitted or crocheted	238.6	213.1	273.4	297.3	267.4	2.9%	30.5%
Articles of apparel and clothing accessories, not knitted or crocheted	234.1	206.3	234.1	259.1	248.1	1.5%	28.3%
Other made-up textile articles	66.8	122.9	91.5	85.2	76.7	3.5%	8.8%
Man-made filaments; strip and the like of man-made textile materials	51.7	41.1	54.8	59.2	54.0	1.1%	6.2%
Cotton	56.2	47.7	62.9	63.8	51.8	-2.0%	5.9%
Knitted or crocheted fabrics	36.5	31.7	42.8	42.9	37.3	0.6%	4.3%
Man-made staple fibres	36.1	29.3	37.1	39.3	35.2	-0.6%	4.0%
Wadding, felt and nonwovens; special yarns; twine, cordage, ropes and cables and articles thereof	27.3	29.8	32.7	31.6	30.1	2.4%	3.4%
Impregnated, coated, covered or laminated textile fabrics	25.8	22.6	28.3	29.2	27.6	1.8%	3.1%
Carpets and other textile floor coverings	15.9	15.1	18.5	17.3	16.7	1.3%	1.9%

Products	2019	2020	2021	2022	2023	CAGR (2019-23)	% Share in 2023
Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	12.7	10.0	12.8	13.0	12.1	-1.0%	1.4%
Wool, fine or coarse animal hair	12.7	8.7	11.3	11.9	11.3	-2.8%	1.3%
Other vegetable textile fibres; paper yarn and woven fabrics of paper yarn	5.3	4.4	5.9	6.2	6.3	4.8%	0.7%
Silk	2.0	1.2	1.5	1.9	1.8	-3.1%	0.2%

Source: ITC Trademap, Exim Bank Research

Scenario of India's Trade in Textile and Allied Products

India is the 6th largest exporter of textile and allied products, with exports valued at US\$ 34.2 billion, accounting for a share of 3.9% in the global exports of these products in 2023. Meanwhile, India's imports of textiles and allied products stood at US\$ 9.2 billion in 2023, accounting for a share of 1.2% in global imports of these products in 2023 (Table 3.3). During 2019 to 2023, India's exports of textile and allied products recorded a negative CAGR of (-) 0.9%, while imports recorded a CAGR of 2.6%. Nonetheless, India continues to have a trade surplus in the sector, estimated at US\$ 25 billion in 2023.

Table 3.3: India's Trade in Textile and Allied Products

Year	India's Exports (US\$ Bn)	Share in World Exports (%)	India's Imports (US\$ Bn)	Share in World Imports (%)
2019	35.5	4.3%	8.3	1.1%
2020	29.6	3.8%	5.5	0.8%
2021	41.5	4.6%	8.1	1.0%
2022	38.3	4.0%	10.7	1.2%
2023	34.2	3.9%	9.2	1.2%

Source: ITC Trademap, Exim Bank Research

Non-knitted or non-crocheted articles of apparel and clothing accessories was the topmost exported products for India, accounting for a share of 22.9% in India's total exports of textile and allied products in 2023, followed by knitted

or crocheted articles of apparel and clothing accessories (share of 19.5%), cotton (19.0%), other made-up textile articles (15.7%), and carpets (5.3%), among others.

On the other hand, man-made filaments was the largest imported product category, accounting for 19.7% of India's total imports of textile and allied products in 2023, followed by man-made staple fibres (10.7%), non-knitted or non-crocheted articles of apparel and clothing accessories (9.7%), cotton (8.8%) and impregnated, coated, covered or laminated textile fabrics (8.5%), among others.

While India's textiles and garments are exported to more than a hundred countries, the USA is the largest export destination, with its share in India's exports of these products rising significantly from 21.9% in 2018 to 27.2% in 2023 (Table 3.4). Bangladesh, the second-largest export destination, also saw an increase in its share from 6.7% in 2018 to 7.7% in 2023. Exports to the UAE has declined during this period, leading to a slight decline in the share of the country in India's exports of these product. Similarly, the UK's share in India's exports of these products has also declined from 5.9% in 2018 to 5.5% in 2023.

On the import front, China has strengthened its position as the largest import source for India, with its share increasing from 39.1% in 2018 to 43.2% in 2023. India's imports from Bangladesh have also seen remarkable growth, with the country progressing from being the third largest import source to the second largest during the period 2018-23. Other top import sources in 2023 include Vietnam (share of 5.3% in 2023), the USA (5.1%), Australia (2.9%), Indonesia (2.9%) and Thailand (2.6%), among others (Table 3.4).

Among ASEAN countries, Vietnam's share in India's imports has increased significantly, rising from 4.1% in 2018 to 5.3% in 2023. Consequently, Vietnam's rank among India's top import sources also went up, from 4th in 2018 to 3rd in 2023. Carpets; cotton; knitted or crocheted articles of apparel and clothing; and knitted or crocheted fabrics were the fastest growing segments for India's imports from Vietnam during the period 2018-23. Besides Vietnam, Thailand's share in India's imports also grew from 2.4% in

2018 to 2.6% in 2023. This was mainly driven by increased imports of man-made staple fibres; wadding, felt and nonwoven special yarns; knitted and crocheted fabrics; other vegetable textile fibres; and man-made filaments, among others. Meanwhile, Indonesia's share in India's imports declined from 3.2% in 2018 to 2.9% in 2023, although India's imports from the country continued to grow during the period under consideration. As a result, Indonesia continued to hold its position as the 6th largest import source for India's textile and allied products imports in 2023.

Table 3.4: Top Export Destinations and Import Sources for India's Trade in Textile and Allied Products: 2018 vs. 2023

Rank	Export Destinations				Import Sources			
	Country	Share in India's Exports in 2018	Country	Share in India's Exports in 2023	Country	Share in India's imports in 2018	Country	Share in India's imports in 2023
1	The USA	21.9%	The USA	27.2%	China	39.1%	China	43.2%
2	Bangladesh	6.7%	Bangladesh	7.7%	The USA	7.4%	Bangladesh	12.3%
3	The UAE	6.7%	The UAE	5.8%	Bangladesh	7.3%	Vietnam	5.3%
4	The UK	5.9%	The UK	5.5%	Vietnam	4.1%	The USA	5.1%
5	China	5%	Germany	3.7%	Australia	3.6%	Australia	2.9%
6	Germany	4.6%	China	3.2%	Indonesia	3.2%	Indonesia	2.9%
7	Spain	2.8%	France	2.7%	South Korea	2.8%	Thailand	2.6%
8	France	2.6%	The Netherlands	2.5%	Thailand	2.4%	Turkey	2%
9	Italy	2.4%	Spain	2.4%	Japan	1.9%	South Korea	1.9%
10	The Netherlands	1.9%	Italy	2.3%	Turkey	1.0%	Japan	1.8%

Source: ITC Trademap, Exim Bank Research

Scenario of ASEAN's Trade in Textile and Allied Products

ASEAN's exports of textile and allied products stood at US\$ 83.6 billion in 2023, recording a modest CAGR of 1.3% during the period 2019 to 2023. Vietnam was the top exporter among ASEAN nations, accounting for nearly 56.0% of the region's total exports of textile and allied products in 2023.

Indonesia ranked second with a share of 13.9%, followed by Cambodia (9.7%), and Thailand (7.3%). The top four countries collectively contributed over 85% of ASEAN's total exports of textile and allied products in 2023, underscoring their dominance in the region's export landscape.

Vietnam's exports demonstrated resilience, recording a steady CAGR of 4.4% during the period 2019-2023, which is higher than the region's overall export growth during the period. Vietnam's exports were driven by its exports of apparels and yarns. Besides Vietnam, Singapore also recorded a positive exports growth during the period under consideration. Other major countries in ASEAN recorded a negative CAGR in exports of textile and allied products during 2019-2023.

Table 3.5: Trends in ASEAN's Textile and Allied Products Exports to the World: 2019-2023 (Value in US\$ Billion)

Country	2019	2020	2021	2022	2023	CAGR (2019-23)
Vietnam	39.4	37.1	41.2	45.4	46.8	4.4%
Indonesia	12.8	10.6	13.1	13.8	11.6	(-) 2.4%
Cambodia	8.5	7.8	8.4	9.3	8.1	(-) 1.2%
Thailand	7.1	5.8	6.6	6.9	6.1	(-) 3.7%
Myanmar	5.1	4.7	4.0	5.6	4.5	(-) 3.1%
Malaysia	3.3	2.8	3.2	3.3	3.0	(-) 2.4%
Singapore	2.0	2.0	2.3	2.4	2.1	1.2%
Philippines	1.1	1.0	1.1	1.1	0.9	(-) 4.9%
Lao PDR	0.2	0.2	0.2	0.4	0.5	25.7%
Brunei Darussalam	0.0	0.0	0.0	0.0	0.0	-
ASEAN Total	79.6	71.9	79.9	88.4	83.6	1.3%

Source: ITC Trademap, Exim Bank Research

ASEAN's textile and allied products imports from the world stood at US\$ 58.4 billion in 2023, exhibiting a CAGR of 2.8% during 2019 to 2023. Vietnam is also the largest importer in ASEAN, with imports totalling US\$ 28.0 billion in 2023, accounting for nearly 47.9% of the region's total imports of textile and allied products in 2023. Indonesia ranked second with

14.2% share, followed by Cambodia (9.1% share) and Thailand (8.9%), among others. Together, these four countries accounted for over 80% of ASEAN's total textile and allied products imports in 2023.

During 2019-2023, Vietnam's imports recorded a healthy CAGR of 7.7%, driven by its growing demand for raw materials to support its export-oriented textile industry. In contrast, imports by other top importing countries declined or remained modest during the period under consideration.

Table 3.6: Trends in ASEAN's Textile Imports from the World: 2019-2023
(Value in US\$ Billion)

Country	2019	2020	2021	2022	2023	CAGR (2019-23)
Vietnam	20.8	18.7	22.8	24.1	28.0	7.7%
Indonesia	9.4	7.2	9.4	10.1	8.3	(-) 2.9%
Cambodia	5.3	4.6	5.7	5.7	5.3	0.3%
Thailand	5.4	4.4	5.1	5.8	5.2	(-) 0.8%
Malaysia	3.6	3.2	3.3	4.3	3.8	0.8%
Singapore	3.1	3.9	3.1	3.4	3.2	0.6%
Philippines	2.3	1.7	2.0	2.2	2.3	(-) 0.1%
Myanmar	2.1	1.8	1.6	2.3	2.0	1.2%
Lao PDR	0.2	0.2	0.2	0.3	0.2	1.5%
Brunei Darussalam	0.1	0.1	0.1	0.1	0.1	3.7%
ASEAN Total	52.3	45.7	45.7	58.3	58.4	2.8%

Source: ITC Trademap, Exim Bank Research

Positioning India and ASEAN Countries in the Global Textile Value Chain

The analysis of India and ASEAN countries' positioning in the global textile value chain highlights overlapping strengths in some segments. India demonstrates a strong and diversified presence across the global textile value chain, featuring among the top 10 exporters across all segments of the value chain. India ranks 5th globally in exports of fibres, 2nd in exports of yarns, and

4th in exports of fabrics in 2023, indicating that India is leveraging its vast raw material base to enhance backward linkages. In the finished goods segment, India ranked 8th in the exports of readymade garments globally in 2023. India is also a strong player in other textiles segment, ranking 3rd globally, showcasing its capabilities in home textiles and other finished textiles products.

Among ASEAN countries, Vietnam has positioned itself as one of the global leaders in the readymade garments segment. Vietnam ranked 3rd globally in exports of readymade garments in 2023. Besides readymade garment, Vietnam also ranked 3rd in exports of yarns, 9th in fabrics, and 10th in other textiles. Apart from Vietnam, Thailand has also positioned itself among the top 10 exporters in the segment of fibres, particularly for manmade fibres. Indonesia is also among the top 10 exporters in fibres and yarns.

Table 3.7: Value Chain Analysis of India and ASEAN Countries

Category	Countries	Global Rank in 2023	% Share in Global Exports (2023)
Fibres	India	5	4.2%
	Thailand	9	2.6%
	Indonesia	10	2.4%
Yarns	India	2	10.7%
	Vietnam	3	8.3%
	Indonesia	8	2.8%
Fabrics	India	4	3.4%
	Vietnam	9	2.1%
RMG	Vietnam	3	5.8%
	India	8	2.8%
Other textiles	India	3	6.0%
	Vietnam	10	2.1%

Source: ITC Trademap, Exim Bank Research

Conclusion

For India and ASEAN, trade in textile and allied products presents both opportunities and challenges. India's strong presence across multiple segments of the textile value chain, from fibres to finished products, underscores its role as a vertically integrated player with extensive raw material availability and processing capabilities. Vietnam, on the other hand, excels in RMG and yarns, while other ASEAN countries like Indonesia and Thailand exhibit moderate positioning in fibres and yarns. In certain sub-segments, such as man-made fibers, India and ASEAN possess complementary strengths, presenting opportunities for collaboration and deeper value chain integration. However, in other segments, India and ASEAN countries are actively competing for a larger share of the global market in textiles and allied products. To maximise benefits, it is crucial to strengthen value chain linkages in complementary areas while ensuring that India does not concede market access to competitors in segments where competition is intense.

4. ASEAN-India Bilateral Trade in Textile and Allied Products

ASEAN-India Trade under AITIGA: A Primer

Trade and investment are important areas of economic collaboration between ASEAN and India. The ASEAN-India Trade in Goods Agreement, which came into effect in January 2010, has played a key role in strengthening this partnership. Under the Agreement, ASEAN Member States and India have committed to opening their markets by gradually reducing and eliminating duties on 76.4% of goods and liberalising tariffs on over 90% of goods²⁹. Under the Agreement, the Schedules of Tariff Commitments have been drawn by all the member countries. These schedules vary across nations, reflecting differences in their tariff commitments. Summary of tariff staging categories under AITIGA are given in Tables 4.1 and 4.2.

Table 4.1 ASEAN's Tariff Reduction/ Elimination Schedule for India

Category	Category Description	Tariff Reduction Schedule
NT-1	Normal Track 1	Tariff to be reduced to 0% by 31 st December 2013
NT-2	Normal Track 2	Tariff to be reduced to 0% by 31 st December 2016
ST	Sensitive Track	<ul style="list-style-type: none">• Tariff to be reduced to 5% by 31st December 2016.• Applied MFN rates of 5% (beyond 50 tariff lines) to be reduced to 4.5% at the time of entry into force and reduced to 4% by 31st December 2016.• Applied MFN rates of 4% to be eliminated i.e. to be reduced to 0% by 31st December 2019.

²⁹ Invest India (2022), Free Trade Agreements between India and ASEAN Countries

Category	Category Description	Tariff Reduction Schedule
HSL A	Highly Sensitive List A	Reduction of applied MFN tariff rates to 50% by 31 st December 2019
HSL B	Highly Sensitive List B	Reduction of applied MFN tariff rates by 50% by 31 st December 2019
HSL C	Highly Sensitive List C	Reduction of applied MFN tariff rates by 25% by 31 st December 2019
EL	Exclusion List	No reduction of tariff rates

Source: Ministry of Textiles, Exim Bank Research

Table 4.2: India's Tariff Commitments under AITIGA

Category	Category Description	Tariff Reduction Schedule
NT-1	Normal Track 1	7,775 products (at the HS 8-digit level) through annual cuts between 1 January 2010 and 31 December 2013
NT-2	Normal Track 2	1,252 (at the HS 8-digit level) products through annual cuts between 1 January 2010 and 31 December 2016
ST	Sensitive Track	Reduction to 5% on 1,805 (at HS 8-digit level) products through annual cuts between 1 January 2010 and 31 December 2016
HSL	Highly Sensitive List	Reduction to 37.5% on crude palm oil, 45% on refined palm oil, coffee, tea and 50% on pepper through annual cuts between 1 January 2010 and 31 December 2019
EL	Exclusion List	No tariff concession is offered for 1,297 products (at the HS 8-digit level)

Source: Dash, 2010; UNESCAP (2011), *Impact of India-ASEAN Free Trade Agreement: A cross-country analysis using applied general equilibrium modelling*

Rules of Origin under AITIGA

There are two key rules of origin in AITIGA which are relevant for the textile sector³⁰. These are given below:

³⁰ Ministry of Textiles (2016), Existing and Prospective FTAs and their Impact on Indian Textiles Exports

- i. Rule 4 (Not Wholly Produced or Obtained Products): The products shall be deemed originating if
 - a. ASEAN-India Free Trade Area (AIFTA) content is not less than 35% of the free-on-board (FOB) value; and
 - b. the non-originating materials have undergone at least a change in tariff sub-heading (CTSH) level of the Harmonised System, provided that the final process of the manufacture is performed within the territory of the exporting party.
- ii. Rule 7 (Minimal Operations and Processes): For textile and textile products, an article or material shall not be considered to be originating in a party by virtue of merely having undergone any of the following:
 - a. simple combining operations, labelling, pressing, cleaning or dry cleaning or packaging operations, or any combination thereof;
 - b. cutting to length or width and hemming, stitching or overlocking fabrics which are readily identifiable as being intended for a particular commercial use;
 - c. trimming and/or joining together by sewing, looping, linking, attaching of accessory articles such as straps, bands, beads, cords, rings and eyelets;
 - d. one or more finishing operations on yarns, fabrics or other textile articles, such as bleaching, waterproofing, decating, shrinking, mercerising, or similar operations; or
 - e. dyeing or printing of fabrics or yarns

Since the implementation of AITIGA, merchandise trade between ASEAN and India has doubled from US\$ 52.5 billion in 2010 to US\$ 106.8 billion in 2023. While India's exports to ASEAN countries increased by nearly 1.7 times during this period, India's imports from ASEAN witnessed a sharper growth by more than 2.2 times during the same period³¹. Notably, imports have surged from Vietnam, Indonesia, Malaysia and Thailand, with imports from Vietnam growing by nearly ten-fold during the period 2010 to 2023, while those from

³¹ ITC Trademap

Indonesia, Malaysia and Thailand growing by more than two-fold. As a result, India's trade deficit with ASEAN countries has grown by more than four fold since the implementation of AITIGA, growing from (-) US\$ 6.7 billion in 2010 to (-) US\$ 27.2 billion in 2023³².

To address the trade imbalances and enhance mutual benefits, there is a need for renegotiating the agreement. Against this backdrop, this chapter examines the trends in ASEAN-India trade in textiles and allied products. It analyses the segment-wise export competitiveness of India and ASEAN, bilateral trade intensity between India and ASEAN nations, and tariff concessions under AITIGA, to assess the market access India has gained in ASEAN countries under the agreement and identify strategies for future renegotiations.

ASEAN-India Trade in Textile and Allied Products

ASEAN countries accounted for 3.3% of India's total exports of textile and allied products and 12.5% of imports of these products in 2023. India's exports of textile and allied products to ASEAN reached US\$ 1.11 billion in 2023, accounting for a share of 2.8% in India's total exports to ASEAN during 2023. During 2010-2023 period, India's exports of textile and allied products to ASEAN have witnessed intermittent periods of growth and decline. However, on an overall basis, India's exports of these products to ASEAN recorded a marginally negative CAGR of (-) 0.02% during 2010-2023 period. Meanwhile, India's imports of textile and allied products from ASEAN have more than tripled since 2010, increasing from US\$ 309.6 million in 2010 to US\$ 1.13 billion in 2023, registering a healthy CAGR of 10.5% during the period 2010-2023.

In recent years, India's exports of textile and allied products to ASEAN witnessed a steep drop in 2020 in the aftermath of the Covid-19 pandemic but recovered thereafter in 2021. However, since 2022, India's exports of textile and allied products to ASEAN have declined for two consecutive years, driven by a sharp drop in exports of cotton (including fibres, yarns and fabrics) to ASEAN, which have nearly halved since 2021. Meanwhile,

³² ITC Trademap

imports also witnessed a sharp decline in 2023, after a steady growth in 2021 and 2022. However, owing to the steeper decline in exports, India's trade balance in textile and allied products with ASEAN shifted from a surplus of US\$ 0.45 billion in 2021 to a deficit of (-) US\$ 0.02 billion in 2023.

Table 4.3: Trends in India and ASEAN's Textile and Allied Products Trade: 2019-2023

Year	India's Exports to ASEAN (US\$ Billion)	India's Imports from ASEAN (US\$ Billion)	Trade Balance in (US\$ Billion)
2019	1.30	1.04	0.26
2020	1.08	0.67	0.41
2021	1.46	1.01	0.45
2022	1.23	1.51	(-) 0.28
2023	1.11	1.13	(-) 0.02

Source: ITC Trademap, Exim Bank Research

Among ASEAN nations, Vietnam was the top export destination for India in 2023, accounting for 30.5% of India's total exports of textile and allied products to the region. It was followed by Malaysia (share of 20.1%), Thailand (16.1%), Indonesia (13.4%), Philippines (6.9%) and Singapore (6.6%), among others. On the import front as well, Vietnam emerged as the largest source, contributing 42.8% of India's textile imports from ASEAN in 2023, followed by Indonesia (23.3%), Thailand (21.3%), Malaysia (5.6%), and Cambodia (3.6%).

India maintains a trade surplus in textile and allied products with countries like Malaysia, Philippines, Singapore and Myanmar, and trade deficit with key partners like Vietnam, Thailand, and Indonesia. Vietnam accounted for 42.8% of India's total textile imports in 2023, with a trade deficit of US\$ 144.9 million. Similarly, India faced deficits of US\$ 114.5 million with Indonesia and US\$ 61.3 million with Thailand. This growing trade imbalance could be on account of better access to Indian market for exports from Vietnam, Indonesia and Thailand, as also their growing importance as key suppliers of textile and allied products globally. Meanwhile, India's textile trade with Brunei Darussalam and Lao PDR remains minimal.

Table 4.4: India's Trade in Textile and Allied Products with ASEAN Countries

Country	India's Textile and Apparel Exports in 2023 (US\$ Mn)	% Share in India's Exports in 2023	India's Textile Imports in 2023 (US\$ Mn)	% Share in India's Imports in 2023	Trade Balance in 2023 (US\$ Mn)
Vietnam	339.1	30.5%	484.0	42.8%	(-) 144.9
Malaysia	223.4	20.1%	62.8	5.6%	160.6
Thailand	179.1	16.1%	240.4	21.3%	(-) 61.3
Indonesia	148.8	13.4%	263.3	23.3%	(-) 114.5
Philippines	76.5	6.9%	6.6	0.6%	69.9
Singapore	73.8	6.6%	15.3	1.4%	58.5
Myanmar	52.1	4.7%	14.4	1.3%	37.7
Cambodia	17.2	1.5%	44.5	3.9%	(-) 27.3
Brunei Darussalam	1.9	0.2%	0.0	0.0	1.9
Lao PDR	0.1	-	0.0	-	0.1
Total ASEAN	1111.8	3.3	1131.2	12.5	(-) 19.4

Source: ITC Trademap, Exim Bank Research

An attempt has been made to analyse India's trade in textile and allied products with the top 5 ASEAN countries in terms of bilateral trade in this product category. Analysis of India's top 10 exported textiles and allied products (at HS 6-digit level) with these 5 ASEAN countries, indicate significant product concentration, as these products accounted for more than half of India's total textile and allied product exports to these countries. Interestingly, these top 10 products accounted for only 16.2% of the overall imports of textile and allied products by the 5 ASEAN countries, indicating that major products exported by India account for a relatively lower proportion of ASEAN's total import demand of textile and allied products.

The topmost exported product viz. cotton fibres (HS 520100) alone accounted for an average share of nearly 25.7% in India's overall textile and allied products exports to these countries during 2014-2023. Meanwhile, 4 categories of single cotton yarn of combed fibres that feature among the top 10 exported products (HS- 520523, HS-520524, HS-520512, HS-520522)

jointly accounted for about 14.6% of India's overall textile and allied products exports to these countries during this period. These 5 upstream cotton products jointly accounted for only about 11.5% of the overall imports of textile and allied products by the 5 ASEAN countries during the same period.

Analysis of staging categories of the top 10 exported textile products from India to the 5 ASEAN countries under consideration indicates that while the top three exported products fall under the NT-1 and NT-2 categories for all five countries, several other products in the top 10 export categories are listed in the ST, HSL or EL, limiting market access for India.

In the case of Vietnam, which is the top export destination for India in ASEAN for textile products, only 4 among the top 10 exported products for India feature under normal track, while the remaining are under ST, HSL, EL categories. This includes products such as textured filament yarn of polyester, and plain-woven fabrics of cotton, which are under EL. Similarly, Indonesia has put 3 of the top 10 exported products for India under ST, and one product viz. t-shirts, singlets and other vests of cotton under EL. Meanwhile, Malaysia has adopted a similarly restrictive stance, placing cotton yarns under the EL schedule and, t-shirts, singlets and other vests of cotton and woven polyester fabrics under ST schedule.

Woven fabrics containing predominantly polyester (HS-551511), which is the 5th largest exported product from India to these countries, features in the sensitive lists of 4 out of the 5 ASEAN nations. This tariff disparity reflects ASEAN nations' selective approach to trade liberalisation for India. Such restrictiveness enables ASEAN nations to bolster their domestic supply chains while limiting imports from India, particularly in high-growth segments like man-made fibres and value-added textiles.

Table 4.5: India's Top 10 Textile and Allied Products Exports to the Top ASEAN Nations

HS Code (6 digit)	Description	India's Exports to Top 5 ASEAN	Top 5 ASEAN's Imports from World	India's Exports to World	Avg Share of Top 5 ASEAN Countries in India's Exports to World (2014-2023)	Staging Category under AITIGA									
		10 yr Avg Value during 2014-2023 (US\$ Million)				Vietnam	Malaysia	Thailand	Indonesia	Philippines					
		299.9	4196.9	1707.0		17.6%	NT-1	NT-1	NT-1	NT-1	NT-1				
520100	Cotton, neither carded nor combed														
520523	Single cotton yarn, of combed fibres, containing >= 85% cotton by weight and with a linear density of 192,31 dtex to < 232,56 dtex	80.9	119.2	883.9	9.1%	NT-1	NT-1	NT-1	NT-1	NT-1	NT-2				
520524	Single cotton yarn, of combed fibres, containing >= 85% cotton by weight and with a linear density of 125 dtex to < 192,31 dtex	53.9	72.7	741.2	7.3%	NT-1	NT-1	NT-1	NT-1	NT-1	NT-2				
540233	Textured filament yarn of polyester	32.1	559.4	690.0	4.6%	EL	NT-1	NT-1	NT-1	NT-2	NT-2				
551511	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight	25.9	161.9	305.1	8.5%	ST	ST	ST	ST	ST	NT-2				
540752	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments	22.3	639.2	146.0	15.2%	HSL-B	NT-1	ST	ST	ST	NT-1				
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	21.7	402.9	1737.1	1.3%	NT-2	ST	ST	ST	EL	NT-2				

HS Code (6 digit)	Description	India's Exports to Top 5 ASEAN	Top 5 ASEAN's Imports from World	India's Exports to World	Avg Share of Top 5 ASEAN Countries in India's Exports to World (2014-2023)	Staging Category under AITIGA					
		10 yr Avg Value during 2014-2023 (US\$ Million)				Vietnam	Malaysia	Thailand	Indonesia	Philippines	
520512	Single cotton yarn, of uncombed fibres, containing >= 85% cotton by weight and with a linear density of 232,56 dtex to < 714,29 dtex	18.4	61.4	450.0	4.1%	ST	EL	NT-1	NT-1	NT-2	
520812	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 g/m², unbleached	16.9	75.8	108.1	15.6%	EL	NT-1	NT-1	ST	NT-2	
520522	Single cotton yarn, of combed fibres, containing >= 85% cotton by weight and with a linear density of 232,56 dtex to < 714,29 dtex	16.6	43.9	369.2	4.5%	ST	EL	NT-1	NT-1	NT-2	

Source: ITC Trademap, Ministry of Commerce and Industry, Gol, Exim Bank Research

Analysis of exported products at HS 8-digit³³ level has also been undertaken to understand top products witnessing a decline in exports from India to ASEAN in the recent years, as well as products where imports to India from ASEAN have witnessed significant surge in the recent years.

As per the analysis, 8 out of the top 20 products facing steepest decline in India's exports to ASEAN are from the category of yarns and fabrics of polyester/synthetic fibres. Besides these products, 5 products from the category of cotton yarns, cotton fabrics, apparel of cotton and other made-up articles of cotton also recorded steep decline in exports from India to ASEAN, having more than halved in value during the period under consideration. It is also noteworthy that cotton fibres (HS-52010015), which is among the topmost exported product category from India to ASEAN has also witnessed a sharp decline during 2019-2023, recording a negative CAGR of (-) 23.0% during the period. The decline in India's exports of cotton products to these countries could be due to the dampening demand for cotton products in the ASEAN countries and a strengthening of demand for synthetic/man-made fibre products. Therefore, the recent focus of the GOI on strengthening the MMF value chain in India may also align with the demand trends in the ASEAN countries.

Table 4.6: Major Products where India's Exports to ASEAN Declined (2019-2023)

S No.	HS Code (8 Digit)	Description	Value in 2019 (US\$ '000)	Value in 2023 (US\$ '000)	CAGR (2019-2023) (%)
1	55151230	Woven fabrics containing predominantly, but < 85% polyester staple fibres by weight, mixed principally or solely with man-made filament	15,020	1,867	(-) 40.6%
2	54026200	Multiple "folded" or cabled filament yarn of polyester, incl. monofilament of < 67 decitex (excluding sewing thread, yarn put up for retail sale and textured yarn)	11,078	1,430	(-) 40.1%

³³ Only products with atleast US\$ 1 million of exports/imports have been considered, to ensure that there is enough domestic capacity and competitiveness in the segment.

S No.	HS Code (8 Digit)	Description	Value in 2019 (US\$ '000)	Value in 2023 (US\$ '000)	CAGR (2019- 2023) (%)
3	62114290	Women's or girls' tracksuits and other garments, n.e.s. of cotton (excluding knitted or crocheted): cotton garments other than kurta and salwar with without duppatta	9,846	1,323	(-) 39.5%
4	54023300	Textured filament yarn of polyester (excluding that put up for retail sale)	36,535	6,644	(-) 34.7%
5	62114300	Women's or girls' tracksuits and other garments, n.e.s. of man-made fibres (excluding knitted or crocheted)	17,455	3,233	(-) 34.4%
6	63079090	Made-up articles of textile materials, including dress patterns, n.e.s.: other made up articles other than cotton	4,161	1,006	(-) 29.9%
7	60041000	Knitted or crocheted fabrics, of a width of > 30 cm, containing >= 5% by weight elastomeric	6,786	1,656	(-) 29.7%
8	51121130	Woven fabrics containing >= 85% combed wool or combed fine animal	5,135	1,427	(-) 27.4%
9	53072000	Multiple "folded" or cabled yarn of jute or of other textile bast fibres of heading 5303	5,955	1,735	(-) 26.5%
10	60062100	Unbleached or bleached cotton fabrics, knitted or crocheted	3,780	1,281	(-) 23.7%
11	52010015	Cotton, neither carded nor combed: "indian cotton of staple length 28.5mm (1.4/32) and above but below 34.5mm	1,39,191	48,830	(-) 23.0%
12	54077400	Woven fabrics of yarn containing >= 85% synthetic filament by weight)	5,762	2,286	(-) 20.6%
13	54024600	Filament yarn of polyester, incl. monofilament of < 67 decitex, single, untwisted or with a twist of <= 50 turns per metre	10,053	4,220	(-) 19.5%
14	55093200	Multiple "folded" or cabled yarn containing >= 85% acrylic or modacrylic staple fibres by weight (excluding sewing thread and yarn put up for retail sale)	4,245	1,884	(-) 18.4%
15	52081990	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 200 g/m ²	2,469	1,253	(-) 15.6%

S No.	HS Code (8 Digit)	Description	Value in 2019 (US\$ '000)	Value in 2023 (US\$ '000)	CAGR (2019- 2023) (%)
16	54077200	Woven fabrics of yarn containing \geq 85% synthetic filament by weight, incl. monofilament of \geq 67 decitex and a maximum diameter of \leq 1 mm	12,483	6,690	(-) 14.4%
17	52054810	Multiple "folded" or cabled cotton yarn, of combed fibres, containing \geq 85% cotton by weight and with a linear density of $<$ 83,33 decitex "> MN 120" per single yarn	7,668	4,239	(-) 13.8%
18	51123030	Woven fabrics containing predominantly, but $<$ 85% combed wool or combed fine animal hair by weight	4,456	2,476	(-) 13.7%
19	54075430	Woven fabrics of yarn containing \geq 85% by weight of textured polyester filaments	2,723	1,517	(-) 13.6%
20	62034990	Men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials	1,973	1,112	(-) 13.4%

Note: Only products with at least US\$ 1 million of exports from India to ASEAN were considered for the analysis.

Source: ITC Trademap; Exim Bank Research

Meanwhile, analysis of top products with high import growth from ASEAN shows that India's imports have surged especially in specialised textiles products, apparel, and technical textiles during 2019-23, reflecting ASEAN countries' ability to cater to the growing demand for these products in India. There is a significant surge in India's imports of technical textiles from ASEAN, such as tyre cord fabrics (HS 59022010), non-wovens of man-made filaments (HS 56031300), coated fabrics with polyurethane (HS 59032010) and high-tenacity polyester fabrics (HS 54071019). Similarly, there is a sharp rise in imports of synthetic fibres (HS 55049090, HS 55039090) indicating the rising demand for these materials in various end-use applications in India. India's import of ready-made garments like t-shirts (HS 61091000), trousers (HS 61034990), and shirts (HS 61051090) have also surged recently, highlighting ASEAN's ability to access India's market for these products, possibly due to the favourable tariff concessions. It is noteworthy that 13 out of the top 20 products with high import growth from ASEAN are under NT-1 and NT-2

categories for ASEAN countries, indicating that the tariffs on these products have been eliminated by 2019 by India, under AITIGA.

Table 4.7: Major Products where India's Imports from ASEAN Increased (2019-2023)

HS Code (8 Digit)	Description	Value in 2019 (US\$ '000)	Value in 2023 (US\$ '000)	CAGR (2019-23) (%)	Staging Category of India for ASEAN (2019)
59032010	Textile fabrics impregnated, coated, covered or laminated with polyurethane	10	2,421	294.5%	ST
58081090	Braids in the piece: Braids, in pcs other than of cotton	7	1,379	274.6%	NT-1
55049090	Artificial staple fibres, not carded, combed or otherwise processed for spinning (excluding those of viscose rayon): Others	103	14,700	245.6%	NT-1
54071019	Woven fabrics of high-tenacity yarn, nylon, other polyamides or polyesters, incl. monofilament of ≥ 67 decitex and with a cross sectional dimension of ≤ 1 mm: Unbleached other polyesters fabrics	17	1,631	213.0%	EL
59039010	Textile fabrics impregnated, coated, covered or laminated with plastics other than poly"vinyl chloride" or polyurethane	190	11,294	177.7%	ST
61034990	Men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials, knitted or crocheted	34	1,527	158.9%	NT-1
55039090	Synthetic staple fibres, not carded, combed or otherwise processed for spinning (excluding those of polypropylene, acrylic, modacrylic, polyesters, nylon	202	8,083	151.5%	NT-2
52093290	Woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing > 200 g/m ² , in three-thread or four-thread twill, including cross twill, dyed: Others	91	3,141	142.4%	ST

HS Code (8 Digit)	Description	Value in 2019 (US\$ '000)	Value in 2023 (US\$ '000)	CAGR (2019-23) (%)	Staging Category of India for ASEAN (2019)
60062100	Unbleached or bleached cotton fabrics, knitted or crocheted, of a width of > 30 cm	40	1,302	138.9%	NT-2
52084320	Woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 200 g/m ² , in three-thread or four-thread twill, including cross twill, made from yarn of different colours: Shirting fabrics	171	3,663	115.1%	ST
62069000	Women's or girls' blouses, shirts and shirt-blouses of textile materials (excluding of silk, silk waste, wool, fine animal hair, cotton or man-made fibres, knitted or crocheted and vests)	116	1,129	76.6%	NT-1
61051090	Men's or boys' shirts of cotton, knitted or crocheted (excluding nightshirts, T-shirts, singlets and other vests): Other shirts of cotton	1,225	8,366	61.7%	EL
56039200	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s., weighing > 25 g/m ² but <= 70 g/m ² (excluding of man-made filaments)	291	1,924	60.4%	NT-1
57024190	Carpets and other floor coverings, of wool or fine animal hair, woven, not tufted or flocked, of pile construction	247	1,494	56.8%	NT-2
60041000	Knitted or crocheted fabrics, of a width of > 30 cm, containing >= 5% by weight	1,267	7,491	55.9%	NT-1

HS Code (8 Digit)	Description	Value in 2019 (US\$ '000)	Value in 2023 (US\$ '000)	CAGR (2019-23) (%)	Staging Category of India for ASEAN (2019)
56012200	Wadding of man-made fibres and articles thereof (excluding sanitary towels and tampons, napkins and napkin liners for babies and similar sanitary articles, wadding and articles thereof impregnated or coated	3,178	18,491	55.3%	NT-1
56031300	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s., of man-made filaments, weighing > 70 g/m ² but <= 150 g/m ²	359	2,052	54.6%	NT-1
59022010	Tyre cord fabric of high-tenacity polyester yarn, whether or not dipped or impregnated with rubber or plastic	5,593	29,249	51.2%	NT-2
61091000	T-shirts, singlets and other vests of cotton, knitted or crocheted	2,601	12,724	48.7%	EL
54075220	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament of >= 67 decitex	245	1,171	47.9%	NT-2

Note: Only products with at least US\$ 1 million of imports by India from ASEAN were considered for the analysis.

Source: ITC Trademap; Exim Bank Research

Analysis of Trade Complementarity between India and ASEAN

A free trade agreement will be beneficial only if there exists complementarity between the export supply of a country and the import demand of the partner country. It is generally understood that complementarity in the trade structure of the countries facilitates more export and import between them and there is scope for mutual benefit from this increased trade. Thus, it may be useful to assess the complementarity of trade in textile and allied products between India and ASEAN nations.

The concept of Trade Complementarity Index (TCI) has been used, to help understand the complementarity in India-ASEAN trade in textile and allied products. A TCI measures the extent to which a country/region's export profile matches the import profile of the partner country/region. The index is a normalised index, taking values between 0 and 100, with higher values denoting greater complementarity. The TCI was first proposed by Kojima Kiyoshi and perfected by Peter Drysdale in 1967. The major proponents of the TCI (Michaely, 1996 and Yeats, 1998) argue that the higher the value of the trade complementarity index, the more favourable the outcome of a proposed trade agreement would be on its potential members. The index is zero when no goods are exported by one country or imported by the other and 100 when the export and import shares exactly match.

The TCI between countries 'a' and 'b' is defined as:

$$TC_{ij} = 100 * (1 - \sum \left(\frac{|m_{pb} - x_{pa}|}{2} \right))$$

Where,

x_{pa} : Share of product 'p' in total textile exports of country a

m_{pb} : Share of product 'p' in total textile imports of country b

Analysis of the TCI for India's textile exports to ASEAN countries suggests that Singapore, Thailand, Malaysia, the Philippines, and Brunei Darussalam have high trade complementarity, with TCI values exceeding 70, indicating significant alignment between India's textile export profile and their import needs. Specifically, Malaysia, Thailand, and Philippines, emerge as key markets where India's textile exports align closely with their import demand profile. On the other hand, Vietnam, which is the topmost export destination for India's textile exports to ASEAN, exhibited relatively low TCI value, reflecting limited complementarity between India's export profile and Vietnam's textile import demand. Similarly, TCI values are also low in case of Indonesia, which is the 4th largest export destination in ASEAN for India's textile exports.

For Indian textile imports from ASEAN countries, the TCI ranged between 18.71 and 78.31. Two countries, Thailand and Malaysia, had TCI values above 70, indicating a significant match between their export profiles and India's

import requirements. However, rest of the ASEAN countries exhibited low TCI values for exports to India.

Based on this analysis, Thailand and Malaysia stand out as complementary partners for India among ASEAN countries, exhibiting strong complementarity for both India's textile exports and imports. India could look at capitalising on the high complementarity with these two countries. On the other hand, Cambodia fares poorly on both fronts, with low TCI values for exports and imports, signaling low levels of trade complementarity. This may be due to similar strengths of India and Cambodia in manufacturing of cotton garments.

It is noteworthy that Vietnam and Indonesia, being the top two import sources for India, have shown significant growth in textile imports, despite moderate complementarity with TCI values of 44.42 and 48.22. This indicates that while their export profiles do not fully align with India's import demand, India's imports from these countries have risen substantially, possibly due to the easier market access provided to these countries by India under AITIGA.

Table 4.8: India vs ASEAN TCI for All Textile Products

Country	India's TCI for Exports of Textile Products	India's TCI for Imports of Textile Products
Vietnam ³⁴	39.98	44.42
Indonesia	46.72	48.22
Singapore	71.02	58.13
Thailand	80.57	78.31
Cambodia	29.93	20.48
Malaysia	87.57	73.69
Philippines	79.51	47.22
Myanmar	35.08	18.71
Lao PDR	48.81	20.53
Brunei Darussalam	78.73	32.91

Source: ITC Trademap; Exim Bank Research

³⁴ The year in consideration is 2022 for Vietnam figures.

Value Chain Analysis Using Trade Indices

Value chain-wise analysis of trade data indicates that fabrics was the largest category of exports from India to ASEAN in 2023, accounting for about 29.1% of India's total export of textile and allied products to ASEAN, followed by yarns (share of 28.7%), readymade garments (19.6%), fibres (12.1%) and other textiles (10.6%). Fabrics and yarns were also the topmost segments for India's imports of textile and allied products from ASEAN in 2023, followed by fibres, readymade garments, and other textiles.

In the fabrics segment, Thailand, Indonesia, Vietnam, Malaysia and Cambodia are the top 5 export destinations for India. On the import front, Vietnam was the largest import source for India's fabric imports from ASEAN, accounting for more than half of India's total fabric imports from ASEAN in 2023. Vietnam is also the largest source in ASEAN for India's imports of fibres, RMG and other textiles, accounting for nearly half of India's imports from ASEAN in these categories. Consequently, India holds a trade deficit with Vietnam, in all these four segments. It is also noteworthy that while Cambodia is not a significant export destination for India across any of the segments of the textile value chain, it features as India's second largest import source for RMG in ASEAN. In the RMG category, India has a trade deficit of about US\$ 41 million with Cambodia. India also runs a trade deficit with Indonesia in the segments of yarns, fibres, RMG and other textiles, where Indonesia features among the top 3 import sources for India among ASEAN countries. Besides, India also holds a trade deficit with Thailand in yarns, fibres, and other textiles.

Table 4.9: Value Chain Segment-wise India's Textile Trade with Top ASEAN Countries (Values in US\$ Million)

Segments/ Country Names	India Exports to ASEAN in 2023	India Imports from ASEAN in 2023	Trade Balance in 2023
Fabrics			
Thailand	87.7	55.9	31.8
Indonesia	78.8	58.1	20.7
Vietnam	70.8	155.2	(-) 84.4
Malaysia	47.1	34.3	12.8
Cambodia	14.3	0.0	14.3
Singapore	13.4	0.4	13.0
Myanmar	7.0	2.2	4.8
Philippines	3.5	3.9	(-) 0.4
Yarns			
Vietnam	151.8	75.0	76.8
Philippines	41.5	0.1	41.4
Myanmar	38.4	0.0	38.4
Thailand	37.1	45.8	(-) 8.7
Indonesia	29.7	122.8	(-) 93.1
Malaysia	19.2	2.9	16.3
Singapore	1.2	10.6	(-) 9.4
Cambodia	0.6	0.4	0.2
RMG			
Malaysia	117.2	1.4	115.8
Singapore	40.3	2.8	37.5
Thailand	24.7	5.7	19
Philippines	15.2	1.4	13.8
Indonesia	7.7	28.2	(-) 20.5
Vietnam	6.4	93.6	(-) 87.2
Myanmar	4.6	12.2	(-) 7.6
Cambodia	0.2	41.2	(-) 41

Segments/ Country Names	India Exports to ASEAN in 2023	India Imports from ASEAN in 2023	Trade Balance in 2023
Fibres			
Vietnam	104.5	97.0	7.5
Indonesia	21.4	40.6	(-) 19.2
Thailand	6.5	78.8	(-) 72.3
Malaysia	0.9	4.5	(-) 3.6
Singapore	0.3	0.4	(-) 0.1
Philippines	0.2	0.3	(-) 0.1
Myanmar	0.2	0.0	0.2
Cambodia	0.0	0.0	0.0
Other textiles			
Malaysia	39.0	19.7	19.3
Thailand	23.1	54.2	(-) 31.1
Singapore	18.6	1.1	17.5
Philippines	16.1	0.8	15.3
Indonesia	11.3	13.6	(-) 2.3
Vietnam	5.7	63.2	(-) 57.5
Cambodia	2.1	2.9	(-) 0.8
Myanmar	2.0	0.0	2.0

Note: This analysis is done only for the top 8 trading partners in ASEAN, as India's textile trade with Brunei and Lao PDR remains negligible.

Cells highlighted in orange indicate India's trade deficit in the segment.

Source: ITC Trademap, Exim Bank Research

Revealed Comparative Advantage (RCA) and Trade Intensity Index (TII)

An attempt has been made to gauge the comparative advantage of India and ASEAN countries in exports of textile and allied products. For this purpose, a Revealed Comparative Advantage (RCA) index has been estimated for India and each of the ASEAN countries across the broad value chain segments. This is further compared with India's trade intensities to understand whether the level of India's trade with ASEAN is more intense or underutilised when

compared to their global shares in trade of textile and allied products. To understand this, Trade Intensity Index (TII) for exports and imports has been estimated for each segment of the textile value chain.

RCA indices are used to identify categories of exports in which an economy has a comparative advantage by comparing the economy's trade scenario with the world trade scenario. The basic assumption underlying the concept of revealed comparative advantage is that trade profile reflects the inter-country differences in terms of relative costs as well as non-price aspects. RCA index for country 'a' for commodity 'p' can be calculated as follows:

$$RCA_{ap} = \frac{(x_{ap}/x_{at})}{(x_{wp}/x_{wt})}$$

Where,

x_{ap} : Value of country a's exports of product 'p'

x_{wp} : Value of world exports of product 'p'

x_{at} : Value of country a's total exports

x_{wt} : Value of world's total exports

The RCA index ranges from 0 to infinity, with 1 as the break-even point. That is, an RCA value of less than 1 means that the country does not have comparative advantage in the product, while a value above 1 indicates that the country has a comparative advantage in the product.

The TII index measures how much a country trades with another country relative to the world. Trade intensity index for exports is the ratio of a trading partner's share in a country/ region's total exports to the share of world exports going to the same trading partner, while the trade intensity index for imports is the ratio of a trading partner's share in a country/ region's total imports to the share of world imports going to the same trading partner.

The $TII_{Exports}$ can be calculated as follows

$$TII_{Export(ab)} = \frac{(x_{ab}/x_{at})}{(x_{wb}/x_{wt})}$$

Where,

x_{ab} : Value of country a's exports to country 'b'

x_{wb} : Value of world exports to country 'b'

x_{at} : Value of country a's total exports

x_{wt} : Value of world's total exports

An index value of more than one indicates that the country is exporting more than it normally would to the trading partner and vice versa.

The $TII_{Imports}$ can be calculated as follows

$$TII_{Import(ab)} = \frac{(M_{ab}/M_{at})}{(M_{wp}/M_{wt})}$$

Where,

m_{ab} : Value of country a's imports to country 'b'

m_{wb} : Value of world imports to country 'b'

m_{at} : Value of country a's total imports

m_{wt} : Value of world's total imports

A TII_{Import} value greater than 1 indicates that import flows to the country from the partner country is larger than expected, and vice versa.

Fibres

The RCA analysis indicates that India, with an RCA of 2.31, holds a strong comparative advantage in the fibres segment, which is higher when compared

to ASEAN nations, like Indonesia, Thailand, and Myanmar which also exhibit competitiveness in this segment. However, despite the better comparative advantage, India's import intensity is high in the case of Indonesia and Thailand, indicative of larger than expected imports from these countries. In fact, India holds a substantial trade deficit in the segment from these countries. This high import reliance on Indonesia and Thailand is primarily on account of imports of man-made fibres from these countries. Furthermore, while Singapore, Malaysia, and the Philippines lack a comparative advantage in textile fibres, India faces trade deficits with these countries.

Table 4.10: India vs ASEAN: RCA, TII, and Trade Balance in Fibres

Country	RCA	TII Imports	TII Exports	India's Trade Balance (US\$ Thousand)
Vietnam	0.49	9.93	1.61	7,504
Indonesia	2.18	1.54	0.76	(-) 19,206
Singapore	0.30	0.06	0.14	(-) 147
Malaysia	0.48	0.65	0.11	(-) 3,631
Cambodia	0.07	0.00	0.00	0
Thailand	2.19	2.75	0.75	(-) 72,309
Philippines	0.22	0.45	0.06	(-) 168
Myanmar	1.13	0.00	0.89	236
Lao PDR	0.01	0.00	0.00	0
Brunei Darussalam	0.00	0.00	22.53	58
India	2.31	-	-	-

Note: The year in consideration is 2023 for all countries except Vietnam, where it is 2022

Source: ITC Trademap; Exim Bank Research

It is noteworthy that India's $TII_{Exports}$ in most ASEAN countries except Brunei and Vietnam remains less than 1, indicating that ASEAN's fibres market remains relatively under-tapped by India, offering substantial scope for tapping the demand in these markets through enhanced market access. It is interesting to note that in case of Vietnam, which does not even have a comparative advantage in this category, the intensity of India's imports from

the country is substantially higher than expected, as evidenced by the high $TII_{Imports}$ value. In fact, the $TII_{Imports}$ value is much higher than the $TII_{Exports}$ for India's trade with Vietnam. While India maintains a trade surplus with Vietnam in fibres, the higher than expected imports in this category is a concern.

Yarns

In the yarns segment, India holds a significant competitive edge with an RCA of 5.91, as compared to ASEAN countries like Vietnam and Indonesia that also exhibit comparative advantages. Despite the higher comparative advantage, India has a higher import intensity in textile yarns with Indonesia, leading to significant trade deficit in the segment. India's import intensity is also high with Singapore and Thailand, even though these countries lack a comparative advantage in textile yarns. As a result, India holds a trade deficit with Singapore and Thailand as well, in this segment. On the other hand, $TII_{Exports}$ in the segment indicates that India has effectively tapped the markets for yarns in Vietnam, Malaysia, the Philippines, and Myanmar, where India also enjoys a favorable trade balance.

Table 4.11: India vs ASEAN: RCA, TII, and Trade Balance in Yarns

Country	RCA	TII Imports	TII Exports	India's Trade Balance (US\$ Thousand)
Vietnam	4.25	0.87	2.71	76,849
Indonesia	2.51	3.14	1.96	(-) 93,107
Singapore	0.15	2.40	2.02	(-) 9,414
Malaysia	0.59	0.26	5.13	16,253
Cambodia	0.39	0.66	0.09	278
Thailand	0.98	2.78	2.65	(-) 8,647
Philippines	0.10	0.11	14.58	41,480
Myanmar	0.03	0.00	21.09	38,414
Lao PDR	0.06	0.00	0.01	2
Brunei Darussalam	0.00	0.00	0.00	0
India	5.91	-	-	-

Source: ITC Trademap; Exim Bank Research

Fabrics

Among the countries considered, India and Vietnam are the only countries with comparative advantage in the fabrics segment, with India exhibiting a relatively better comparative advantage over Vietnam. Notwithstanding the better competitive edge, India's import intensity in the segment is much higher than export intensity with Vietnam, leading to a significant trade deficit in this segment with Vietnam. India is even importing cotton fabric from Vietnam—a segment where sufficient domestic capacities exist. India's import of fabric is larger than expected even with countries that do not have comparative advantage in this segment, such as Indonesia, Malaysia, Thailand and the Philippines. In fact, India runs a trade deficit with the Philippines in this segment. Analysis of TII_{exports} indicates that India has effectively tapped the export markets of Singapore, Malaysia, Thailand and Brunei.

In the fabrics segment, therefore, it is essential to analyse the market access for Vietnam and the Philippines, which is leading to trade deficit for India.

Table 4.12: India vs ASEAN: RCA, TII, and Trade Balance in Fabrics

Country	RCA	TII Imports	TII Exports	India's Trade Balance in 2023 (US\$ Thousand)
Vietnam	1.08	1.81	0.29	(-) 84,445
Indonesia	0.73	2.09	0.95	20,660
Singapore	0.33	0.07	3.13	13,061
Malaysia	0.63	7.02	5.40	12,812
Cambodia	0.06	0.02	0.17	14,232
Thailand	0.69	1.62	3.12	31,846
Philippines	0.23	1.39	0.27	(-) 442
Myanmar	0.10	0.00	0.24	4,761
Lao PDR	0.14	0.00	0.08	148
Brunei Darussalam	0.00	0.00	2.68	604
India	1.83	-	-	-

Source: ITC Trademap; Exim Bank Research

Readymade Garments

Although India has a comparative advantage in the RMG segment, it is much lower when compared to countries like Vietnam, Cambodia, Myanmar and Lao PDR. India holds a trade deficit in the RMG segment with all of the aforementioned countries. India also holds a trade deficit with Indonesia in the RMG segment, despite the fact that Indonesia's RCA value is lower than India. It is noteworthy that India's import intensity in this segment is low with all ASEAN countries, which may be on account of India's strong domestic capabilities to cater to demand in the segment. India has been able to effectively tap the export markets of Malaysia, Philippines, Myanmar and Brunei. There remains further scope to tap markets such as Singapore and Thailand in this category.

Table 4.13: India vs ASEAN: RCA, TII, and Trade Balance in RMG

Country	RCA	TII Imports	TII Exports	India's Trade Balance in 2023 (US\$ Thousand)
Vietnam	3.64	0.08	0.21	(-) 87,258
Indonesia	1.40	0.12	0.77	(-) 20,513
Singapore	0.12	0.08	0.95	37,434
Malaysia	0.18	0.04	3.53	1,15,869
Cambodia	15.01	0.18	0.06	(-) 40,976
Thailand	0.33	0.10	0.89	18,957
Philippines	0.40	0.08	1.19	13,775
Myanmar	13.49	0.10	7.86	(-) 7,671
Lao PDR	2.19	0.00	0.00	(-) 33
Brunei Darussalam	0.01	0.00	1.45	1,067
India	1.52	-	-	-

Source: ITC Trademap; Exim Bank Research

Other Textiles

Other textiles is another segment where India exhibits strong comparative advantage relative to ASEAN countries like Vietnam and Cambodia, yet holds

a negative trade balance with these countries in the segment. It is noteworthy that India also holds a negative trade balance with Indonesia and Thailand, which do not have a comparative advantage in the segment. Analysis of TII indices indicates that in Indonesia, Malaysia and Thailand, India's import intensity is higher than expected, despite these countries not possessing a comparative advantage in this segment. India has been able to effectively tap the markets in Singapore, Malaysia, Thailand, and the Philippines.

It is important to analyse the market access for Indonesia and Thailand, which do not have a comparative advantage in other textiles, but India has a trade deficit with these countries in the segment.

Table 4.14: India vs ASEAN: RCA, TII, and Trade Balance in Other Textiles

Country	RCA	TII Imports	TII Exports	Trade Balance in 2023 (US\$ Thousand)
Vietnam	1.18	0.64	0.20	(-) 57,488
Indonesia	0.24	1.33	0.61	(-) 2,294
Singapore	0.11	0.13	1.80	17,559
Malaysia	0.27	1.43	2.49	19,247
Cambodia	1.18	0.64	0.37	(-) 869
Thailand	0.75	1.57	1.24	(-) 31,133
Philippines	0.36	0.19	1.55	15,250
Myanmar	0.44	0.02	0.38	1,929
Lao PDR	0.12	0.00	0.00	2
Brunei Darussalam	0.01	0.00	0.54	144
India	3.24	-	-	-

Source: ITC Trademap; Exim Bank Research

In conclusion, India is significantly competitive across all segments of the textile value chain, with a particularly stronger comparative advantage over ASEAN countries in the upstream and midstream segments viz. fibres, yarns and fabrics, as also in home textiles. However, this advantage does not consistently translate into favourable trade outcomes with ASEAN countries. Notwithstanding the comparative advantage, India holds trade deficit with

Vietnam and Indonesia in four out of five segments of the value chain. Additionally, India has a high import intensity and holds trade deficits in several of the segments even with countries that do not hold a competitive edge over India. Further, the analysis underscores the untapped export potential in ASEAN markets, as evidenced by low TII_{export} values in several segments, suggesting the need for a strategic focus on improving market access in these countries.

Review of Tariff concessions under AITIGA

This section attempts to analyse the effectively applied tariff on textiles and allied products by India and ASEAN countries, providing a comparative perspective of the tariff landscape before and after the implementation of AITIGA, on a bilateral basis. For the pre-AITIGA period, tariff data for 2009 is considered, whereas the latest available data for 2022 is taken to assess the current scenario. Tariff data at HS 6-digit level has been sourced from WITS database for this analysis.

Vietnam and India

There has been a substantial increase in the number of tariff lines for textiles and allied products traded between India and Vietnam. The number of tariff lines for Vietnam's imports from India has increased from 193 in 2009 to 397 in 2022, while the number of tariff lines for India's imports from Vietnam has also increased from 114 in 2009 to 354 in 2022.

The share of tariff lines in the duty-free bucket for Vietnam's imports from India rose significantly from 10.4% (20 tariff lines) in 2009 to 75.1% (298 lines) in 2022, showcasing improved market access for India in Vietnam. Meanwhile, the share of tariff lines falling in the range of 10%-15% and 20%-25%, declined substantially. The share of 10%-15% tariff bucket dropped from 49.7% (96 lines, US\$ 24.1 Mn) in 2009 to just 2.8% (11 lines, US\$ 3.72 Mn) in 2022, while the 20%-25% range had no tariff lines for India's exports in 2022. By 2022, only one tariff line remained above 25%, with a negligible trade value of US\$ 0.002 Mn. These shifts highlight significant reduction in tariff barriers for Indian textile exports to Vietnam.

On the other hand, India has taken a more protectionist stance toward Vietnamese textiles and allied products. In 2009, around 99.1% of the tariff lines were in the 10%-15% range, while in 2022, majority of the tariff lines were concentrated in the 20%-25% and above 25% tariff buckets. The number of tariff lines falling in the 20%-25% range increased from 0 in 2009 to 56 lines (accounting for 15.8% of all tariff lines) in 2022, while the number of tariff lines in the above 25% range surged from 1 (0.9%) in 2009 to 175 (49.4%) in 2022. This shift reflects India's increasingly restricted market access for Vietnamese textile exports post-AITIGA. It is noteworthy that despite majority of the tariff lines falling under 25% and above range, India's imports of textile and allied products have grown manifold since AITIGA came into effect.

Table 4.15: Vietnam's Tariff on Imports from India

	2009			2022		
Tariff Range	No. of Tariff Lines	% Share of Total Tariff Lines	Vietnam's Import from India (US\$ '000)	No. of Tariff Lines	% Share of Total Tariff Lines	Vietnam's Import from India (US\$ '000)
0	20	10.4%	44,805.0	298	75.1%	3,16,833.1
0.1-5	3	1.6%	2,517.1	7	1.8%	7,913.7
5-10	32	16.6%	25,047.3	80	20.2%	86,181.4
10-15	96	49.7%	24,077.5	11	2.8%	3,716.1
15-20	0	0.0%	0.0	0	0.0%	0.0
20-25	42	21.8%	629.8	0	0.0%	0.0
25+	0	0.0%	0.0	1	0.3%	1.8
Grand Total	193		97,076.7	397		4,14,646.1

Source: ITC Trademap & WITS, Exim Bank Research

Table 4.16: India's Tariff on Imports from Vietnam

Tariff Range	2009			2022		
	No. of Tariff Lines	% Share of Total Tariff Lines	India's Import from Vietnam (US\$ '000)	No. of Tariff Lines	% Share of Total Tariff Lines	India's Import from Vietnam (US\$ '000)
0	0	0.0%	0.0	0	0.0%	0.0
0.1-5	0	0.0%	0.0	0	0.0%	0.0
5-10	0	0.0%	0.0	0	0.0%	0.0
10-15	113	99.1%	34,711.6	0	0.0%	0.0
15-20	0	0.0%	0.0	0	0.0%	0.0
20-25	0	0.0%	0.0	56	15.8%	1,05,960.1
25+	1	0.9%	174.9	175	49.4%	3,00,743.7
N/A*	0	0.0%	0.0	123	34.7%	1,19,765.4
Grand Total	114		34,886.6	354		5,26,469.2

*Note: Data for some tariff lines were not available.

Source: ITC Trademap & WITS, Exim Bank Research

Analysis of the tariff staging categories of Vietnam for India under AITIGA indicates that nearly 22 tariff lines (at HS 8 digit level) in the textile and allied products exported by India to Vietnam in 2022 were under the EL category under AITIGA, while another 91 lines and 83 lines were under the ST and HSL-B, respectively (Table 4.17). India's market share in Vietnam's overall textile imports for the products under EL list is about 1.6%, while for those under HSL-B categories, and ST are only around 0.4% and 3.2%, respectively, despite India's substantial export capabilities in these products and Vietnam's robust overall imports of these products from the world. It is also noteworthy that even in those products which are under NT-1 and NT-2 category, India's share in Vietnam's imports have been meagre, at around 2.1% and 0.6%, respectively, indicating that India has been unable to significantly leverage the opportunities in Vietnamese market even for products where duties have been reduced to zero under AITIGA.

This is also evident from the TII analysis, which indicates that India has been able to tap the Vietnamese market effectively only in upstream segments such as fibres and yarns. Even in fibres, India's import intensity from Vietnam was much higher than the export intensity.

Table 4.17: Tariff Staging Category-wise Imports by Vietnam from India vis-à-vis World (Values in US\$ Million)

Staging Categories under AITIGA	No. of. Tariff Lines at HS 8-digit Level	Vietnam's Import from India in 2023	Vietnam's Textile Import from the World in 2023	India's Textile Exports to the World in 2023
EL	22	14.8	949.2	1,697.1
HSL-B	83	22.5	5,697.2	1,475.4
NT-1	784	207.6	9,896.4	17,353.6
NT-2	206	3.0	496.5	10,256.9
ST	91	86.9	2,743.1	2,486.9
Grand Total	1,186	334.8	19,782.4	33,269.9

Source: ITC Trademap & Ministry of Commerce and Industry, Exim Bank Research

Indonesia and India

The number of tariff lines for Indonesian's imports of textiles and allied products from India have increased from 364 in 2009 to 529 in 2022. Alongside, the number of tariff lines for India's imports from Indonesia has also increased, from 200 to 251. Analysis of the tariff range-wise data indicates that number of tariff lines under 10% range for Indonesia's imports from India has increased significantly since 2009 (Table 4.18). In fact, nearly 72% of the total tariff lines for India's exports to Indonesia were in the 0-10% range in 2022. Notwithstanding this trend, India's exports to Indonesia have increased only marginally, recording a CAGR of 1.1% during the period 2009 to 2022.

On the other hand, India has tightened market access for Indonesian textile products with a concentration of tariff lines in the higher bands of above 20% (Table 4.19). In 2022, 167 tariff lines were under this category, representing bulk of India's imports from Indonesia, while tariff lines below 10% range have reduced to zero. This highlights India's protectionist approach with Indonesia

as well. Despite this, India's overall imports from Indonesia have increased significantly, recording a CAGR of 11.0% during the period 2009 to 2022.

Table 4.18: Indonesia's Tariffs on Imports from India

	2009			2022		
Tariff Range	No. of Tariff Lines	% Share of Total Tariff Lines	Indonesia's Imports from India (US\$ '000)	No. of Tariff Lines	% Share of Total Tariff Lines	Indonesia's Imports from India (US\$ '000)
0	1	0.3%	1,17,539.2	70	13.2%	1,15,755.4
0.1-5	1	0.3%	128.0	37	7.0%	10,561.1
5-10	90	24.7%	51,608.8	272	51.4%	91,076.0
10-15	112	30.8%	24,714.5	5	0.9%	235.5
15-20	160	44.0%	12,300.5	9	1.7%	1,030.9
20-25	0	0.0%	0.0	30	5.7%	6,301.3
25+	0	0.0%	0.0	106	20.0%	14,117.0
Grand Total	364		2,06,291.0	529		2,39,077.1

Source: ITC Trademap & WITS, Exim Bank Research

Table 4.19: India's Tariff on Imports from Indonesia

	2009			2022		
Tariff Range	No. of Tariff Lines	% Share of Total Tariff Lines	India's Imports from Indonesia (US\$ '000)	No. of Tariff Lines	% Share of Total Tariff Lines	India's Imports from Indonesia (US\$ '000)
0	1	0.5%	292.7	0	0.0%	0.0
0.1-5	0	0.0%	0.0	0	0.0%	0.0
5-10	4	2.0%	320.0	0	0.0%	0.0
10-15	194	97.0%	76,637.4	0	0.0%	0.0
15-20	0	0.0%	0.0	0	0.0%	0.0
20-25	0	0.0%	0.0	36	14.3%	1,91,145.8
25+	1	0.5%	106.5	131	52.2%	62,988.0
N/A*	0	0.0%	0.0	84	33.5%	48,017.0
Grand Total	200		77,356.7	251		3,02,150.8

*Note: Data for some tariff lines were not available

Source: ITC Trademap & WITS, Exim Bank Research

Nearly two-thirds of Indonesia's imports from India by value fall under the EL and ST categories. EL accounted for about 24.5% and ST accounted for 41.9% of the tariff lines for textile and allied products imports by Indonesia from India in 2023. These include several finished goods such as apparel and home textiles, plain woven cotton fabrics, polyester woven fabrics, and carpet tiles, among others, where India has substantial export capacities but holds negligible market share in Indonesia.

Overall, while Indonesia has enhanced market access for Indian textile exports by lowering tariffs, much of the tariff lines continue to lie in EL and ST categories, impacting the price competitiveness of Indian exporters of these products. India has substantial exports to the world in the products classified under EL and ST by Indonesia. This also aligns with the TII analysis which indicated that India has not been able to tap Indonesia's markets for fibres, fabrics, readymade garments and other textiles effectively. On the other hand, India's imports from Indonesia are larger than expected in all categories except ready-made garments. Clearly, there is a need for negotiating greater market access by India.

Table 4.20: Tariff Staging Category-wise Imports by Indonesia from India vis-à-vis World (Values in US\$ Million)

Staging Categories under AITIGA	No. of. Tariff Lines at HS 8-digit Level	Indonesia's Imports from India in 2023	Indonesia's Textile Import from the World in 2023	India's Textile Exports to the World in 2023
EL	250	8.2	596.7	18,009.4
HSL-C	152	2.3	1,550.1	2,431.6
NT-1	120	36.1	1,024.3	5,350.5
NT-2	71	14.9	721.3	1,622.3
ST	427	88.5	4,069.1	7,301.3
Grand Total	1,020	150.1	7,961.5	34,715.2

Source: ITC Trademap & Ministry of Commerce and Industry, Exim Bank Research

Thailand and India

In case of Thailand and India, the number of tariff lines traded between the two countries have improved for Thailand's imports from India, while it has slightly dipped for India's imports from Thailand. In 2009, the overall tariff lines for Thailand's imports from India were 450, which rose to 581 in 2022. The number of tariff lines in the zero-tariff range has increased from 2 in 2009 to 366 in 2022 in case of Thailand's imports from India. Meanwhile, the number of tariff lines for India's imports from Thailand dropped from 351 in 2009 to 335 in 2022. All of the tariff lines for India's imports from Thailand were above the 20% range in 2022, indicating the more protective stance taken by India. But, the overall trade between Thailand and India has significantly improved during the period.

Table 4.21: Thailand's Tariffs on Imports from India

	2009			2022		
Tariff Range	No. of Tariff Lines	% Share of Total Tariff Lines	Thailand's Import from India (US\$ '000)	No. of Tariff Lines	% Share of Total Tariff Lines	Thailand's Import from India (US\$ '000)
0	2	0.4%	24,332.9	366	63.0%	1,31,626.5
0.1-5	6	1.3%	892.9	5	0.9%	185.9
5-10	84	18.7%	13,110.0	187	32.2%	41,330.5
10-15	21	4.7%	14,831.6	1	0.2%	12.0
15-20	8	1.8%	1,410.0	4	0.7%	178.0
20-25	4	0.9%	209.8	3	0.5%	106.3
25+	174	38.7%	9,114.2	12	2.1%	975.0
N/A*	151	33.6%	16,869.3	3	0.5%	75.1
Grand Total	450		80,770.8	581		1,74,489.1

**Note: Data for some tariff lines were not available.*

Source: ITC Trademap & WITS, Exim Bank Research

Table 4.22: India's Tariff on Imports from Thailand

Tariff Range	2009			2022		
	No. of Tariff Lines	% Share of Total Tariff Lines	India's Import from Thailand (US\$ '000)	No. of Tariff Lines	% Share of Total Tariff Lines	India's Import from Thailand (US\$ '000)
0	0	0.0%	0.0	0	0.0%	0.0
0.1-5	0	0.0%	0.0	0	0.0%	0.0
5-10	5	1.4%	40.8	0	0.0%	0.0
10-15	346	98.6%	94,077.2	0	0.0%	0.0
15-20	0	0.0%	0.0	0	0.0%	0.0
20-25	0	0.0%	0.0	48	14.3%	1,39,359.7
25+	0	0.0%	0.0	175	52.2%	92,114.7
N/A*	0	0.0%	0.0	112	33.4%	27,828.5
Grand Total	351		94,117.9	335		2,59,302.9

**Note: Data for some tariff lines were not available.*

Source: ITC Trademap & WITS, Exim Bank Research

It is noteworthy that majority of tariff lines for Thailand's imports from India were placed in NT-1 category, which accounted for 66.8% of Thailand's imports from India in 2023. However, India held a market share of only about 3.5% in Thailand's market for these products, despite having substantial export capacities and import demand, indicating that Indian exporters have not been able to tap into the market despite the existing tariff concessions. Meanwhile there were also a substantial number of tariff lines in the ST category and a few in EL category, where market access for Indian exporters is constrained. These include value added finished goods such as readymade garment, home textiles, among others, that have significant exports from India to the world, but account for a negligible share in Thailand's market. This also aligns with the TII analysis which indicated that India has not been able to tap Thailand's market for readymade garments effectively. On the other hand, India has larger than expected imports from Thailand in nearly all categories (except readymade garments), particularly in the MMF segments.

Table 4.23: Tariff Staging Category-wise Imports by Thailand from India vis-à-vis World (Values in US\$ Million)

Staging Categories under AITIGA	No. of. Tariff Lines at HS 8-digit Level	Thailand's Imports from India in 2023	Thailand's Textile Import from the World in 2023	India's Textile Exports to the World in 2023
EL	31	0.7	80.6	1,678.3
HSL	5	0.4	79.6	459.0
NT-1	597	119.3	3,402.2	14,372.3
NT-2	10	0.3	57.5	112.8
ST	266	57.8	1,487.4	17,238.0
Grand Total	909	178.5	5,107.3	33,860.4

Source: ITC Trademap & Ministry of Commerce and Industry, Exim Bank Research

Malaysia and India

In 2009, Malaysia imported textile and allied products across 336 tariff lines from India, which rose to 411 lines in 2022. Further, more than two-thirds of the tariff lines in 2009 were in the category of 10% and above, while in 2022, imports under the 0% tariff range were the largest category, accounting for 57.2% of the tariff lines for Malaysia's imports from India. Malaysia's textile imports from India have also increased during the period 2009 to 2022, recording a CAGR of 13.7%. This is higher than the CAGR of 8.9% for Malaysia's overall imports of textiles during this period, indicating that Indian exporters are effectively leveraging the market access.

On the other hand, India's tariff policy for imports of textile and allied products from Malaysia has shifted from moderate to highly protectionist between 2009 and 2022. In 2009, nearly 97.4% of tariff lines were in the 10%-15% range. However, by 2022, 58.3% of the tariff lines had moved to the 25% and above category, while 5.8% of tariff lines were in the 20%-25% range. A significant segment of tariff lines in 2022 remains unclassified due to data limitations. Despite these high tariff levels, India's textile imports from Malaysia recorded a strong growth, with a CAGR of 8.6% during the period 2009-22.

Table 4.24: Malaysia's Tariffs on Imports from India

Tariff Range	2009			2022		
	No. of Tariff Lines	% Share of Total Tariff Lines	Malaysia Imports from India (US\$ '000)	No. of Tariff Lines	% Share of Total Tariff Lines	Malaysia Imports from India (US\$ '000)
0	57	17.0%	14,577.7	235	57.2%	1,67,803.7
0.1-5	1	0.3%	118.7	2	0.5%	1,754.7
5-10	14	4.2%	1,160.2	15	3.6%	13,336.5
10-15	115	34.2%	19,208.1	115	28.0%	32,170.3
15-20	28	8.3%	1,574.3	13	3.2%	7,662.9
20-25	121	36.0%	6,251.3	31	7.5%	4,769.8
25+	0	0.0%	0.0	0	0.0%	0.0
Grand Total	336		42,890.3	411		2,27,497.9

Source: ITC Trademap & WITS, Exim Bank Research

Table 4.25: India's Tariff on Imports from Malaysia

Tariff Range	2009			2022		
	No. of Tariff Lines	% Share of Total Tariff Lines	India Imports from Malaysia (US\$ '000)	No. of Tariff Lines	% Share of Total Tariff Lines	India Imports from Malaysia (US\$ '000)
0	1	0.5%	591.2	0	0.0%	0.0
0.1-5	0	0.0%	0.0	0	0.0%	0.0
5-10	3	1.6%	213.1	0	0.0%	0.0
10-15	186	97.4%	39,535.7	0	0.0%	0.0
15-20	1	0.5%	1.8	0	0.0%	0.0
20-25	0	0.0%	0.0	16	5.8%	14,066.2
25+	0	0.0%	0.0	161	58.3%	43,685.8
N/A*	0	0.0%	0.0	99	35.9%	60,748.8
Grand Total	191		40,341.8	276		1,18,500.8

*Note: Data for some tariff lines were not available.

Source: ITC Trademap & WITS, Exim Bank Research

Malaysia has placed 46.6% of textile and allied products from India under ST list and another 6.9% under EL. These include products such as toilet and kitchen linen made of cotton, cushion covers, women's cotton shirts, women's dresses of cotton, baby garments made of synthetic fibers, cotton t-shirts, singlets, and vests, among others. In several of these products, India has significant export capacities. It is noteworthy that despite lack of market access gains, India held shares of 9% and 6% in Malaysia's imports of products under EL and ST list, respectively, in 2023. This also aligns with the TII analysis which indicated larger than expected imports by Malaysia from India in all categories except fibres. While India is already effectively tapping the import demand in Malaysia, greater market access can further bolster the exports.

Table 4.26: Tariff Staging Category-wise Imports by Malaysia from India vis-à-vis World (Values in US\$ Million)

Staging Categories under AITIGA	No. of. Tariff Lines at HS 8-digit Level	Malaysia's Imports from India in 2023	Malaysia's Textile Import from the World in 2023	India's Textile Exports to the World in 2023
EL	72	40.6	469.7	7,776.4
HSL B	13	5.6	53.5	950.8
NT-1	473	62.7	1,184.3	8,919.5
ST	486	114.5	1,976.5	16,232.4
Grand Total	1,044	223.3	3,683.9	33,879.1

Source: ITC Trademap & Ministry of Commerce and Industry, Exim Bank Research

Philippines and India

The number of tariff lines for Philippines' imports from India has grown from 242 in 2009 to 363 in 2022. Alongside, the tariff lines for India's imports from Philippines saw a marginal rise from 53 in 2009 to 77 in 2022. It is also noteworthy that majority of the tariff lines for Philippines' import from India were in the zero-duty category in 2022, while in case of India's imports from Philippines, all the tariff lines for which data was available, were in the above 20% category.

Table 4.27: Philippines's Tariffs on Imports from India

Tariff Range	2009			2022		
	No. of Tariff Lines	% Share of Total Tariff Lines	Philippines Imports from India (US\$ '000)	No. of Tariff Lines	% Share of Total Tariff Lines	Philippines Imports from India (US\$ '000)
0	0	0.0%	0.0	323	89.0%	36,265.9
0.1-5	18	7.4%	4,309.2	1	0.3%	140.4
5-10	32	13.2%	7,923.6	8	2.2%	271.2
10-15	57	23.6%	3,501.1	6	1.7%	626.9
15-20	110	45.5%	8,242.7	22	6.1%	1,569.0
20-25	25	10.3%	1,650.4	3	0.8%	387.0
25+	0	0.0%	0.0	0	0.0%	0.0
Grand Total	242		25,627.1	363		39,260.4

Source: ITC Trademap & WITS, Exim Bank Research

Table 4.28: India's Tariff on Imports from Philippines

Tariff Range	2009			2022		
	Number of Tariff Lines	% Share of Tariff Lines	India Imports from Philippines (US\$ '000)	Number of Tariff Lines	% Share of Tariff Lines	India Imports from Philippines (US\$ '000)
0	0	0.0%	0.0	0	0.0%	0.0
0.1-5	0	0.0%	0.0	0	0.0%	0.0
5-10	4	7.5%	289.1	0	0.0%	0.0
10-15	49	92.5%	1,411.1	0	0.0%	0.0
15-20	0	0.0%	0.0	0	0.0%	0.0
20-25	0	0.0%	0.0	6	7.8%	63.6
25+	0	0.0%	0.0	37	48.1%	5,715.1
N/A*	0	0.0%	0.0	34	44.2%	1,428.2
Grand Total	53		1,700.2	77		7,206.9

*Note: Data for some tariff lines were not available.

Source: ITC Trademap & WITS, Exim Bank Research

While 97.2% of Philippines' imports from India comprise products in the NT-1 and NT-2 categories, India's share in Philippines' overall import of these products was low at around 3.6% in 2023. This indicates that Indian exporters may not be fully utilising the market access available in Philippines, and that there is substantial potential for Indian exporters to enhance their footprint in the market. Philippines has placed 4.9% and 1.7% of textiles products imported from India under the EL and ST categories, respectively (Table 4.29). These include products like women's or girls' cotton RMG dresses, women's or girls' synthetic dresses, carpets, and wadding of cotton, etc., where India has strong export capacity. India can seek greater market access in these categories.

Table 4.29: Tariff Staging Category-wise Imports by Philippines from India vis-à-vis World (Values in US\$ Million)

Staging Categories under AITIGA	No. of. Tariff Lines at HS 8-digit Level	Philippines' Imports from India in 2023	Philippines' Textile Import from the World in 2023	India's Textile Exports to the World in 2023
EL	46	1.4	152.2	4,179.1
HSL-C	4	0.4	2.5	257.5
NT-1	196	2.7	558.8	3,599.9
NT-2	676	73.7	1,589.2	26,855.9
ST	16	0.3	52.1	373.7
Grand Total	938	78.6	2,354.7	35,266.1

Source: ITC Trademap & Ministry of Commerce and Industry, Exim Bank Research

Tariff Lines of Offensive Interest for India

An attempt has been made to identify the tariff lines in the textile industry that are of offensive interest for India in the context of AITIGA. Offensive interest refers to a country's strategic priority to enhance market access in its trading partner's markets by focusing on specific products during trade negotiations. These tariff lines represent products for which reducing tariffs or eliminating trade barriers is critical to facilitating smoother trade and expanding market opportunities.

An attempt has been made to identify such key products of offensive interest, where India has substantial export capability and the partner country in ASEAN has significant import demand, but the products have been placed under the EL, hindering market access for India in the partner country's market.

For commodities to qualify as part of India's offensive interest in trade negotiations, they must meet the following criteria:

1. It is imported by country B (i.e. the partner country) with at least US\$ 100,000 of imports of the product in 2023
2. Produced by country A (i.e. India), with at least US\$ 100,000 of exports of the product in 2023, indicative of export capacity
3. Country B must have placed the commodity in the exclusion list

Vietnam-India: Tariff of Offensive Interest for India

Among the textile and apparel goods exported to Vietnam, top 10 products at HS-8 digit level of offensive interest for India, are given in Table A1.1 of Annexure 1. These products are in the EL category for Vietnam's imports from India. In these products, India has strong export potential, there is robust import demand in Vietnam, and yet India accounts for only a negligible share of Vietnam's imports. These include products such as polyester yarns, staple fibre of polyester, mixed yarns, worn clothing, woven fabrics of cotton, etc. In some of these products, like worn clothing textiles, India faces tariffs as high as 100% in the Vietnamese market. In some of the other segments, such as woven cotton fabrics, India faces around 12% effectively applied tariff rate in Vietnam. Given India's existing capabilities and Vietnam's demand for these products, they can be identified as areas of offensive interest for India.

Thailand-India: Tariff Lines of Offensive Interest for India

There are around 31 products in the EL category of which, top 10 products of offensive interest for India are listed in Table A1.2 of Annexure 1. India has minimal share in import of these products by Thailand. This is despite India showcasing strong export capability and Thailand demonstrating significant

import demand. These include women's and men's apparel like trousers, suits, overcoats; polyester yarn and fabrics; silk waste; silk yarns; non-thrown raw silk; sacks and bags of textile materials; and accessories like gloves and mittens. Some of these products such as women's apparel and accessories like gloves and mittens attract tariffs of around 30%. These products, aligned with India's export capabilities and Thailand's import demand, represent key areas of export interest for India and may be considered as products of offensive interest.

Indonesia-India: Tariff Lines of Offensive Interest for India

Among the textile and apparel goods exported to Indonesia, there are 63 products at HS-10 digit level³⁵ in the EL category, where India holds a negligible share in Indonesia's imports of the products despite having substantial export capability. Of these, the top 10 products of offensive interest for India are detailed in Table A1.3 of Annexure 1. These primarily include apparel, home textiles, and cotton fabrics, many of which face high tariffs. For example, several home textile products, and apparels such as trousers, skirts, jackets, are subject to 25% tariff, and several other categories face AHS rates ranging between 10%-15%. These steep tariff barriers hinder Indian textile exports, limiting their access to Indonesia's textile market. These products could therefore be considered as products of offensive interest for India.

Malaysia-India: Tariff Lines of Offensive Interest for India

There are several products that are under the EL staging category in Malaysia. Of these, top 10 products of offensive interest for India are given in Table A1.4 of Annexure 1. These are products where India holds a negligible share in Malaysia's imports, but has substantial export capability and Malaysia exhibits robust import demand. These include apparels, yarns, fabrics, and home textiles such as table linen and bed linens. A few of these products face high tariffs in Malaysia, which affects market access for Indian exporters. For instance, products like textile fabrics attract high tariffs of around 20%,

³⁵ Tariff lines for Indonesia under AITIGA are listed at the HS 10-digit level instead of HS 8 digits.

while pile fabrics, long pile fabrics, and polyester yarns face AHS rates ranging between 10%-15%, limiting India's access to Malaysia's textile market.

Philippines-India: Tariff Lines of Offensive Interest for India

Among the textile and apparel goods exported to the Philippines, several product categories fall under the EL staging category. Of these products, the top 10 products under EL category with offensive interest for India in Philippines, are given in Table A1.5 of Annexure 1. Owing to unavailability of trade figures at the 8-digit HS code, the analysis was conducted using data aggregated at 6-digit HS codes.

These offensive list products primarily belong to the Ready-Made Garments and Other Textiles segments, with high tariffs affecting market access for Indian exporters in these categories. Most of the RMG products face 15% applied tariff rates, while certain items in the fabrics segment are subjected to 10% AHS rates. Such tariff structures act as deterrents for Indian textile exports in these value chain segments in the Philippines market.

Tariff Lines of Defensive Interest to India

An attempt has been made to examine tariff lines of defensive interest to India in the textile industry, focusing on key products at the HS-8 digit level across India's top five ASEAN trading partners. Defensive interest refers to a country's strategy to protect its domestic markets by maintaining barriers against foreign competition. India should maintain high tariffs for these products or implement measures to safeguard domestic industries from potential negative impacts of increased imports.

For commodities to qualify as part of India's defensive interest in trade negotiations, they must meet the following criteria:

1. Imported by country A (i.e. India),
2. Exported by country B (i.e. partner country),
3. Country A's imports from Country B of the product should be at least US\$ 0.1 million to ensure some minimum import linkages, and

4. Over the recent years, Country A's imports from Country B should have surged significantly. For the purpose of analysis, CAGR greater than 10% during 2019-2023 has been considered. Additionally, products with negligible imports by India in 2019 but surpassing the threshold in 2023 have also been included.

Of the products fulfilling these aforementioned criteria, the top 10 have been highlighted in this report.

Vietnam

Top 10 products of defensive interest for India, where India's imports from Vietnam have exhibited substantial growth in the recent years include products in the segments of fabrics, readymade garments, and yarns. Several of these products are cotton-based, where India has export competitiveness. In these segments, India needs to restrict market access.

Some of the products in the upstream segments may require a thorough analysis of demand and supply capabilities in India. For instance, among fibres, raw silk is a product that has been included in the list of products with defensive interest for India in Vietnam. However, natural fibres have limited supply capabilities and may require low import restrictions if domestic supplies are not sufficient to meet downstream demand.

Table 4.30: Vietnam - India: Top 10 Tariff Lines of Defensive Interest for India in Textile Sector

HS Code (8 digit)	Description	India's Import from Vietnam in 2019 (US\$ Million)	India's Import from Vietnam in 2023 (US\$ Million)	CAGR (2019- 2023)
50020010	Raw silk (non-thrown): Mulberry raw silk	58.7	96.2	13.2%
59022010	Tyre cord fabric of high-tenacity polyester yarn, whether or not dipped or impregnated	5.6	29.2	51.2%
54022090	High-tenacity filament yarn of polyesters (excluding that put up for retail sale): Other polyester	3.2	21.6	60.6%
59022090	Tyre cord fabric of high-tenacity polyester yarn, whether or not dipped or impregnated	11.2	17.7	12.0%
57033990	Carpets and other floor coverings, of man-made textile materials, tufted "needle punched"	0.0	15.9	-
57033100	Turf, of man-made textile materials, tufted "needle punched", whether or not made up	0.0	14.9	-
52084990	Woven fabrics of cotton, containing $\geq 85\%$ cotton by weight and weighing ≤ 200 g/m ²	6.4	12.3	18.0%
50040090	Silk yarn (excluding that spun from silk waste and that put up for retail sale): Other yarn	7.6	10.8	9.0%
59021010	Tyre cord fabric of high-tenacity yarn of nylon or other polyamides, whether or not dipped	2.6	9.2	37.2%
61099010	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	4.0	8.6	20.8%

Source: ITC Trademap, Exim Bank Research

Indonesia

Top 10 products of defensive interest for India, where India's imports from Indonesia have exhibited substantial growth in the recent years include garments, man-made/synthetic fabrics and yarns, viscose/rayon fibres etc. Several of the defensive products with respect to Indonesia are MMF-based where India is attempting to build domestic capacities.

Table 4.31: Indonesia - India: Top 10 Tariff Lines of Defensive Interest for India in Textile Sector

HS Code (8 digit)	Description	India's Import from Indonesia in 2019 (US\$ Thousand)	India's Import from Indonesia in 2023 (US\$ Thousand)	CAGR (2019- 2023)
55041090	Staple fibres of viscose rayon, not carded, combed or otherwise processed for spinning: Other	0	24606	-
54075290	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament	4440	23434	51.6%
59039010	Textile fabrics impregnated, coated, covered or laminated with plastics other than poly"vinyl	0	7964	-
59031090	Textile fabrics impregnated, coated, covered or laminated with poly"vinyl chloride"	1663	3957	24.2%
60063200	Dyed fabrics, knitted or crocheted, of synthetic fibres, of a width of > 30 cm (excluding warp)	435	3633	70.0%
61102000	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted	1012	3032	31.6%
62121000	Brassieres of all types of textile materials, whether or not elasticated, incl. knitted	645	2396	38.8%
57033990	Carpets and other floor coverings, of man-made textile materials, tufted "needle punched"	0	2366	-

HS Code (8 digit)	Description	India's Import from Indonesia in 2019 (US\$ Thousand)	India's Import from Indonesia in 2023 (US\$ Thousand)	CAGR (2019- 2023)
54023300	Textured filament yarn of polyester (excluding that put up for retail sale)	433	2017	46.9%
63101020	Used or new rags, scrap twine, cordage, rope and cables and worn-out articles of textiles	1169	1701	9.8%

Source: ITC Trademap, Exim Bank Research

Thailand

Top 10 products of defensive interest for India, where India's imports from Thailand have exhibited substantial growth in the recent years include man-made/ synthetic fibres, yarns, and fabrics; carpets; wastes of synthetic fibres etc. Several of the products of defensive interest are in the upstream segments of the MMF value chain.

Table 4.32: Thailand - India: Top 10 Tariff Lines of Defensive Interest for India in Textile sector

HS Code (8 digit)	Description	India's Import from Thailand in 2019 (US\$ Thousand)	India's Import from Thailand in 2023 (US\$ Thousand)	CAGR (2019- 2023)
54021990	High-tenacity filament yarn of nylon or other polyamides (excluding sewing thread, yarn)	4027	21488	52.0%
55049090	Artificial staple fibres, not carded, combed or otherwise processed for spinning	2	14630	824.8%
56012200	Wadding of man-made fibres and articles thereof (excluding sanitary towels and tampons, napkins)	107	14384	240.5%

HS Code (8 digit)	Description	India's Import from Thailand in 2019 (US\$ Thousand)	India's Import from Thailand in 2023 (US\$ Thousand)	CAGR (2019- 2023)
55033090	Acrylic or modacrylic staple fibres, not carded, combed or otherwise processed for spinning	0	13108	-
55032000	Staple fibres of polyesters, not carded, combed or otherwise processed for spinning	5173	10988	20.7%
54024400	Synthetic filament elastomeric yarn, single, untwisted or with a twist of <= 50 turns per metre	2804	8319	31.2%
55039090	Synthetic staple fibres, not carded, combed or otherwise processed for spinning	172	7760	159.2%
58063200	Narrow woven fabrics of man-made fibres, with a width of <= 30 cm, n.e.s.	3749	6920	16.6%
56031190	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s., of synthetic	0	6545	-
54075290	Woven fabrics of yarn containing >= 85% by weight of textured polyester filaments, incl. monofilament	170	5587	139.4%

Source: ITC Trademap, Exim Bank Research

Malaysia

Top 10 commodities of defensive interest for India vis-à-vis Malaysia, mainly include cotton fabrics, nonwoven fabrics of man-made/synthetic fibres, and yarns of man-made fibres, used clothing, etc. The significant increase in imports of cotton-based fabrics is particularly of concern with respect to Malaysia.

Table 4.33: Malaysia - India: Top 10 Tariff Lines of Defensive Interest for India in Textile Sector

HS Code (8 digit)	Description	India's Import from Malaysia in 2019 (US\$ Thousand)	India's Import from Malaysia in 2023 (US\$ Thousand)	CAGR (2019- 2023)
59032090	Textile fabrics impregnated, coated, covered or laminated with polyurethane (excluding wallcoverings)	1123	8056	63.7%
60019200	Pile fabrics of man-made fibres, knitted or crocheted (excluding "long pile" fabrics)	2648	6635	25.8%
56031190	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s., of synthetic	0	5927	-
54076190	Woven fabrics of yarn containing \geq 85% by weight of non-textured polyester filaments	2932	5193	15.4%
58063200	Narrow woven fabrics of man-made fibres, with a width of \leq 30 cm, n.e.s.	1965	4045	19.8%
54071019	Woven fabrics of high-tenacity yarn, nylon, other polyamides or polyesters, incl. monofilament	0	1615	-
56031300	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s., of man-made filaments	145	1176	68.8%
56031110	Nonwovens, whether or not impregnated, coated, covered or laminated, n.e.s., of synthetic	0	1131	-
60063200	Dyed fabrics, knitted or crocheted, of synthetic fibres, of a width of $>$ 30 cm (excluding warp)	112	872	67.0%
63090000	Worn clothing and clothing accessories, blankets and travelling rugs, household linen and articles	293	778	27.7%

Source: ITC Trademap, Exim Bank Research

Philippines

There are only six commodities of defensive interest for India, where India's imports from Philippines have exhibited substantial growth in recent years. These include narrow woven fabric of man-made fibres, cleaning cloth, stockings/socks; men's/boy's trousers; coconut, abaca Manila hemp fibres.

Table 4.34: Philippines - India: Top 6 Tariff Lines of Defensive Interest for India in Textile Sector

HS Code (8 digit)	Description	India's Import from Philippines in 2019 (US\$ Thousand)	India's Import from Philippines in 2023 (US\$ Thousand)	CAGR (2019- 2023)
58063200	Narrow woven fabrics of man-made fibres, with a width of <= 30 cm, n.e.s.	1423	3895	28.6%
63071090	Floorcloths, dishcloths, dusters and similar cleaning cloths, of all types of textile materials	28	357	89.0%
61159990	Full-length or knee-length stockings, socks and other hosiery, incl. footwear	8	261	139.0%
62034300	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres	59	242	42.3%
53050090	Coconut, abaca Manila hemp or Musa textilis Nee", ramie, agave and other vegetable textile	0	166	-
53050050	Coconut, abaca Manila hemp or Musa textilis Nee", ramie, agave and other vegetable textile	36	126	36.8%

Source: ITC Trademap, Exim Bank Research

5. Conclusion

ASEAN is an important trading partner for India. India signed the AITIGA in 2009 to eliminate or lower tariffs on a significant portion of goods, with nearly three-fourth of the two-way trade between India and ASEAN member countries targeted for gradual liberalisation.

Textile and allied products is an important sector for both India and ASEAN. India has production capabilities across the entire textile value chain. The Government of India is also focusing on incentivising domestic capacity building in segments such as MMF and technical textiles. Alongside, the ASEAN textile ecosystem is dynamic and diverse, presenting competition for India across multiple value chain stages. Vietnam has positioned itself as one of the global leaders in the readymade garments segment. Vietnam also ranked 3rd globally in exports of yarns, 9th in fabrics, and 10th in other textiles in 2023. Apart from Vietnam, Thailand has also positioned itself among the top 10 exporters in the segment of fibres, particularly for manmade fibres. Indonesia is also among the top 10 exporters in fibres and yarns. Therefore, the sector holds immense significance in the context of AITIGA.

India is the 6th largest exporter of textile and allied products, with exports valued at US\$ 34.2 billion, accounting for a share of 3.9% in the global exports of these products in 2023. On the import side, Vietnam, Indonesia and Thailand are among the top ten sources for India's imports of textile and allied products. While the shares of Thailand and Vietnam in India's textile and allied products imports have increased during 2023 as compared to 2018, the share of Indonesia has come down.

This study examines the structure and trade patterns of the textile industry between India and ASEAN nations using key indices such as Relative Comparative Advantage, Trade Intensity Index, and Trade Complementarity Index. The RCA analysis reveals that India has a strong comparative advantage across most segments of the textile value chain, including fibres, yarns, ready-made garments, and other textiles. However, despite this advantage, India's export intensity to ASEAN nations—reflecting the relative importance of ASEAN in India's textile and allied products exports—remains subdued. The $TII_{Exports}$ for India is below 1 for most ASEAN countries in the segments of fibres, RMG, and other textiles, with yarns being the only segment where India exhibits relatively stronger export intensity. This indicates that there remains substantial scope for tapping the demand in ASEAN markets, particularly in downstream segments.

In contrast, several ASEAN nations with lower RCA values than India enjoy better market access. The study highlights that India's imports from ASEAN are considerably higher than expected across several segments. In fibres, India's import intensity is notably high for imports from Vietnam, Indonesia, and Thailand, with TII values exceeding 1. Similarly, in yarns, India imports more than expected from Indonesia, Thailand, and Singapore. In fabrics, India's TII is high for imports from Vietnam, Indonesia, Malaysia, Thailand and the Philippines. In the 'other textiles' segment, India imports significantly from Indonesia, Thailand, and Malaysia.

On account of the better market access for competitor countries, India experiences trade deficits with several ASEAN nations across the textile value chain. For instance, India has a trade deficit with Vietnam and Philippines in fabrics, despite these countries lacking comparative advantage in this segment. While India has higher RCA in 'other textiles' segment compared to ASEAN countries, it still records deficits in this segment with Vietnam, Thailand, Indonesia, and Cambodia. In fact, Indonesia and Thailand do not even have a comparative advantage in 'other textiles'.

Analysis of tariff lines for trade between India and its top 5 trading partners in ASEAN suggests that in 2009, India's highest frequency tariff bracket for

textile imports from these countries was in the 10-15% bracket. However, following the agreement, India adopted a more protectionist stance, with a greater concentration of tariff lines in the 25%+ bracket. Despite the high tariff barrier, the number of tariff lines in which India imported from the 5 ASEAN nations and India's imports from the countries have gone up, with Thailand being the only exception to this trend. On the other hand, the highest frequency tariff bracket for India's exports to its top 5 trading partners in ASEAN has reduced, thereby significantly enhancing market access for Indian textile exports. The number of tariff lines for India's textile exports to these countries has gone up.

**Table 5.1: India's Tariff Concessions to ASEAN Nation's
Textile Sector under AITIGA (Values in US\$ '000)**

ASEAN Countries	India				Number of Total Tariff Lines		
	2009		2022		2009	2022	
	Highest Freq. Tariff Bracket (%)	India's Imports from the Country	Highest Freq. Tariff Bracket (%)	India's Imports from the Country			
Vietnam	10-15	34,711.6	25+	300,743.7	114	354	↑
Indonesia	10-15	76,637.4	25+	62,988.0	200	251	↑
Thailand	10-15	94,077.2	25+	92,114.7	351	335	↓
Malaysia	10-15	39,535.7	25+	43,685.8	191	276	↑
Philippines	10-15	1,411.1	25+	5,715.1	53	77	↑

Source: WITS; Exim Bank Research

Table 5.2: ASEAN Nations' Tariff Concessions to India's Textile Sector under AITIGA (Values in US\$ '000)

ASEAN Nations	India				Number of Total Tariff Lines for Bilateral Trade		
	2009		2022				
	Highest Freq. Tariff Bracket (%)	ASEAN Imports from India	Highest Freq. Tariff Bracket (%)	ASEAN Imports from India	2009	2022	
Vietnam	10-15	24,077.5	0	3,16,833.1	193	397	↑
Indonesia	15-20	12,300.5	5-10	91,076.0	364	529	↑
Thailand	25+	9,114.2	0	1,31,626.5	450	581	↑
Malaysia	20-25	6,251.3	0	1,67,803.7	336	411	↑
Philippines	15-20	8,242.7	0	36,265.9	242	363	↑

Source: WITS; Exim Bank Research

The study notes underutilisation of opportunities in ASEAN markets by Indian exporters despite zero-duty under AITIGA across several markets. There is a need to promote greater utilisation of the existing tariff concessions available in the ASEAN market.

The study also highlights that a significant proportion of textile products have been placed under exclusion lists and sensitive tracks by major ASEAN trading partners, such as Indonesia, Thailand, and Malaysia, restricting duty-free market access for India. This, coupled with growing trade imbalances, underscores the need for renegotiating FTA terms to achieve equitable market access and unlock trade potential. The study identifies the list of offensive products where India could push for greater market access. These are products that have been placed under exclusion lists by ASEAN nations, but India has substantial export capacities and there is robust import demand in ASEAN countries. A list of defensive products has also been identified where India should maintain high tariffs or implement measures to safeguard domestic industries. Finally, negotiating more favourable rules of origin could ensure that Indian exporters are better able to utilise the FTA provisions while preventing a possible circumvention by third-party countries.

ANNEXURE 1 - Tariff Lines of Offensive Interest to India

Table A1.1: List of Top EL Products in Vietnam: Tariff of Offensive Interest to India (Values in US\$ '000)

HS Code	Description	SC 2022	AHS (%)	India's Textile Exports to Vietnam (2023)	Vietnam's Textile Imports from world (2023)	India's Share in Vietnam Imports (%)	India Textile Exports to World (2023)
540233	Textured filament yarn of polyester (excl. that put up for retail sale)	EL	3	1022	374944	0.3%	438232
5402.33.00	--of polyester						
550320	Staple fibres of polyesters, not carded, combed or otherwise processed for spinning	EL	2	93	400211	0.0%	229719
5503.20.00	--of polyester						
630900	Worn clothing and clothing accessories, blankets and travelling rugs, household linen, etc.	EL	100	0	12605	0.0%	93829
6309.00.00	Worn clothing and other worn articles						

HS Code	Description	SC 2022	AHS (%)	India's Textile Exports to Vietnam (2023)	Vietnam's Textile Imports from world (2023)	India's Share in Vietnam Imports (%)	India Textile Exports to World (2023)
540246	Filament yarn of polyester, incl. monofilament of < 67 decitex, single, untwisted or with a twist of <= 50 turns per metre, partially oriented	EL	-	0	20686	0.0%	59761
5402.46.10	--- Of a colour other than white						
5402.46.90	--- Other						
521031	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed principally or solely with man-made fibres and weighing <= 200 g/m ² , dyed	EL	12	94	96661	0.1%	21867
5210.31.00	--Plain weave						
540247	Filament yarn of polyester, incl. monofilament of < 67 decitex, single, untwisted or with a twist of <= 50 turns per metre	EL	3	145	130439	0.1%	18904
5402.47.10	--- of a colour other than white						
5402.47.90	--- Other						

HS Code	Description	SC 2022	AHS (%)	India's Textile Exports to Vietnam (2023)	Vietnam's Textile Imports from world (2023)	India's Share in Vietnam Imports (%)	India's Textile Exports to World (2023)
521041	Plain woven fabrics of cotton, containing predominantly, but < 85% cotton by weight, mixed principally or solely with man-made fibres and weighing <= 200 g/m ² .	EL	-	5	14772	0.0%	4626
5210.41.00	--Plain weave						
520841	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 100 g/m ² , made from yarn of different colours	EL	-	36	4252	0.8%	3930
5208.41.00	- - Plain weave, weighing not more than 100 g/ m2						

Source: ITC Trademap & WITS, Exim Bank Research

Table A1.2: List of Top EL Products in Thailand: Tariff Lines of Offensive Interest to India (Values in US\$ '000)

HS Code	Description	SC 2022	AHS (%)	India's Textile Exports to Thailand (2023)	Thailand's Textile Imports from World (2023)	India's Share in Thailand's Imports (%)	India's Textile Exports to World (2023)
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted	EL	30	58	12606	0.5%	121289
6104.62.00	- - Of cotton						
540246	Filament yarn of polyester, incl. monofilament of < 67 decitex, single, untwisted or with a twist of <= 50 turns per metre, partially oriented	EL	-	0	3930	0.0%	59761
5402.46.00	- - Other, of polyesters, partially oriented						
500300	Silk waste, incl. cocoons unsuitable for reeling, yarn waste and garnetted stock	EL	-	0	1795	0.0%	34992
5003.00.00	Silk waste (including cocoons unsuitable for reeling, yarn waste and garnetted stock)						
621139	Men's or boys' tracksuits and other garments, n.e.s. of textile materials	EL	18	0	1748	0.0%	34517
6211.39.00	- - Of other textile materials						
540244	Synthetic filament elastomeric yarn, single, untwisted or with a twist of <= 50 turns per metre	EL	5	0	7985	0.0%	26419

HS Code	Description	SC 2022	AHS (%)	India's Textile Exports to Thailand (2023)	Thailand's Textile Imports from World (2023)	India's Share in Thailand's Imports (%)	India's Textile Exports to World (2023)
5402.44.00	- - Elastomeric						
610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted	EL	30	4	14696	0.0%	22380
6104.63.00	- - Of synthetic fibres						
620799	Men's or boys' singlets and other vests, bathrobes and dressing gowns of textile materials	EL	30	0	1485	0.0%	21223
6207.99.00	- - Of other textile materials						
620190	Men's or boys' overcoats, car-coats, capes, cloaks, anoraks, incl. ski jackets, wind-cheaters, etc.	EL	15	0	11083	0.0%	12692
6201.90.19	---Other						
6201.90.29	---Other						
620311	Men's or boys' suits of wool or fine animal hair (excl. knitted or crocheted, tracksuits, etc.)	EL	30	1	1844	0.1%	12100
6203.11.00	- - Of wool or fine animal hair						

Source: ITC Trademap & WITS, Exim Bank Research

Table A1.3: List of Top EL Products in Indonesia: Tariff Lines of Offensive Interest to India (Values in US\$ '000)

HS Codes	Description	SC (2022)	AHS ³⁶ (%)	India's Textile Exports to Indonesia (2023)	Indonesia's Textile Imports from World (2023)	India Share in Indonesia's Imports %	India Textile Exports to World (2023)
610130	Overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles of man-made fibres, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers, bib and brace overalls and trousers)	EL	25	0	2126	0.00%	1825
6101300000 ³⁷	-Of man-made fibres						
610230	Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles of man-made fibres, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls)	EL	25	0	2122	0.00%	1548
6102300000	-Of man-made fibres						

³⁶ For the select HS codes, no data available on associated AHS rates figures: 630222, 630232, 630533, 630612, 630629.

³⁷ The textile products of Indonesia under AITIGA are listed at the HS 10-digit level instead of HS 8 digits.

HS Codes	Description	SC (2022)	AHS ³⁶ (%)	India's Textile Exports to Indonesia (2023)	Indonesia's Textile Imports from World (2023)	India Share in Indonesia's Imports %	India Textile Exports to World (2023)
610333	Men's or boys' jackets and blazers of synthetic fibres, knitted or crocheted (excl. wind-jackets and similar articles)	EL	25	2	1547	0.13%	25405
6103330000	--Of synthetic fibres						
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. swimwear and underpants)	EL	25	17	4061	0.42%	122879
6103420000	--Of cotton						
610343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. swimwear and underpants)	EL	25	3	5872	0.05%	25477
6103430000	--Of synthetic fibres						
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. panties and swimwear)	EL	25	47	4842	0.97%	121289
6104620000	--Of cotton						

HS Codes	Description	SC (2022)	AHS ³⁶ (%)	India's Textile Exports to Indonesia (2023)	Indonesia's Textile Imports from World (2023)	India Share in Indonesia's Imports %	India Textile Exports to World (2023)
610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. panties and swimwear)	EL	25	0	6794	0.00%	22380
6104630000	--Of synthetic fibres						
610520	Men's or boys' shirts of man-made fibres, knitted or crocheted (excl. nightshirts, T-shirts, singlets and other vests)	EL	25	19	5522	0.34%	79557
6105201000	--Of synthetic fibres						
6105202000	--Of artificial fibres						
610610	Women's or girls' blouses, shirts and shirt-blouses of cotton, knitted or crocheted (excl. T-shirts and vests)	EL	25	0	3721	0.00%	81623
6106100000	-Of cotton						

Source: ITC Trademap & WITS, Exim Bank Research

Table A1.4: List of Top EL Products in Malaysia: Tariff Lines of Offensive Interest to India (Values in US\$ '000)

HS Codes	Description	SC 2022	AHS (%)	India's Textile Exports to Malaysia (2023)	Malaysia's Textile Imports from World (2023)	India's Share in Malaysia's Imports (%)	India Textile Exports to World (2023)
550810	Sewing thread of synthetic staple fibres, whether or not put up for retail sale	EL	-	0	2275	0.00%	4839
550810100 ³⁸	--Put up for retail sale						
550810200	--Not put up for retail sale						
550953	Yarn containing predominantly, but < 85% polyester staple fibres by weight, mixed principally or solely with cotton (excl. sewing thread and yarn put up for retail sale)	EL	10	0	25456	0.00%	150062
550953000	- - Mixed mainly or solely with cotton						

³⁸ The textile products of Malaysia under AITIGA are listed at the HS 9-digit level instead of HS 8 digits.

HS Codes	Description	SC 2022	AHS (%)	India's Textile Exports to Malaysia (2023)	Malaysia's Textile Imports from World (2023)	India's Share in Malaysia's Imports (%)	India's Textile Exports to World (2023)
590390	Textile fabrics impregnated, coated, covered or laminated with plastics other than poly"vinyl chloride" or polyurethane (excl. tyre cord fabric of high-tenacity yarn of nylon or other polyamides, polyesters or viscose rayon; wallcoverings of textile materials impregnated or covered with plastic; floor coverings consisting of a textile backing and a top layer or covering of plastics)	EL	20	34	16947	0.20%	168262
590390000	- Other						
600110	"Long pile" fabrics, knitted or crocheted	EL	15	0	3612	0.00%	1029
600110000	- "Long pile" fabrics						
600121	Looped pile fabrics of cotton, knitted or crocheted	EL	-	0	1048	0.00%	5789
600121000	- - Of cotton						
600192	Pile fabrics of man-made fibres, knitted or crocheted (excl. "long pile" fabrics)	EL	15	7	9930	0.07%	1949
600192000	- - Of man-made fibres						

HS Codes	Description	SC 2022	AHS (%)	India's Textile Exports to Malaysia (2023)	Malaysia's Textile Imports from World (2023)	India's Share in Malaysia's Imports (%)	India Textile Exports to World (2023)
610443	Women's or girls' dresses of synthetic fibres, knitted or crocheted (excl. petticoats)	EL	0	29	5870	0.49%	73979
610443000	- - Of synthetic fibres						
610821	Women's or girls' briefs and panties of cotton, knitted or crocheted	EL	0	52	9067	0.57%	128253
610821000	- - Of cotton						
610822	Women's or girls' briefs and panties of man-made fibres, knitted or crocheted	EL	-	0	4981	0.00%	9888
610822000	- - Of man-made fibres						

Source: ITC Trademap & WITS, Exim Bank Research

Table A1.5: List of Top EL Products in Philippines: Tariff Lines of Offensive Interest to India
(Trade Values in US\$ '000)

HS Code	Description	SC 2022	AHS (%)	India's Textile Exports to Philippines (2023)	Philippines' Textile Imports from World (2023)	India's Share in Philippines' Imports (%)	India Textile Exports to World (2023)
520852	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing > 100 g to 200 g/m ² , printed	EL	10	0	1441	0.0%	384195
5208.52.00	- - Plain weave, weighing more than 100 g/m ²						
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excl. wadded waistcoats)	EL	15	163	24091	0.7%	176177
6110.20.00	--Of Cotton						
520811	Plain woven fabrics of cotton, containing >= 85% cotton by weight and weighing <= 100 g/m ² , unbleached	EL	10	4	1608	0.2%	96570
5208.11.00	- - Plain weave, weighing not more than 100 g/m ²						
630221	Printed bedlinen of cotton (excl. knitted or crocheted)	EL	20	0	1362	0.0%	89293

HS Code	Description	SC 2022	AHS (%)	India's Textile Exports to Philippines (2023)	Philippines' Textile Imports from World (2023)	India's Share in Philippines' Imports (%)	India Textile Exports to World (2023)
6302.21.00	--Of Cotton						
610443	Women's or girls' dresses of synthetic fibres, knitted or crocheted (excl. petticoats)	EL	15	5	8450	0.1%	73979
6104.43.00	--Of synthetic fibres						
620332	Men's or boys' jackets and blazers of cotton (excl. knitted or crocheted, and wind-jackets and similar articles)	EL	15	20	5249	0.4%	65134
6203.32.00	--Of Cotton						
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excl. wadded waistcoats)	EL	15	1	18458	0.0%	46964
6110.30.00	--Of Man-made fibres						
620333	Men's or boys' jackets and blazers of synthetic fibres (excl. knitted or crocheted, and wind-jackets and similar articles)	EL	15	0	4932	0.0%	44373
6203.33.00	--Of synthetic fibres						

HS Code	Description	SC 2022	AHS (%)	India's Textile Exports to Philippines (2023)	Philippines' Textile Imports from World (2023)	India's Share in Philippines' Imports (%)	India Textile Exports to World (2023)
610712	Men's or boys' underpants and briefs of man-made fibres, knitted or crocheted	EL	-	1	3850	0.0%	41784
6107.12.00	--Of man-made fibres						
540782	Woven fabrics of yarn containing predominantly, but < 85% synthetic filament by weight, incl. monofilament of ≥ 67 decitex and a maximum diameter of ≤ 1 mm	EL	10	6	3035	0.2%	35085
5407.82.00	--Dyed						

Source: ITC Trademap & WITS, Exim Bank Research

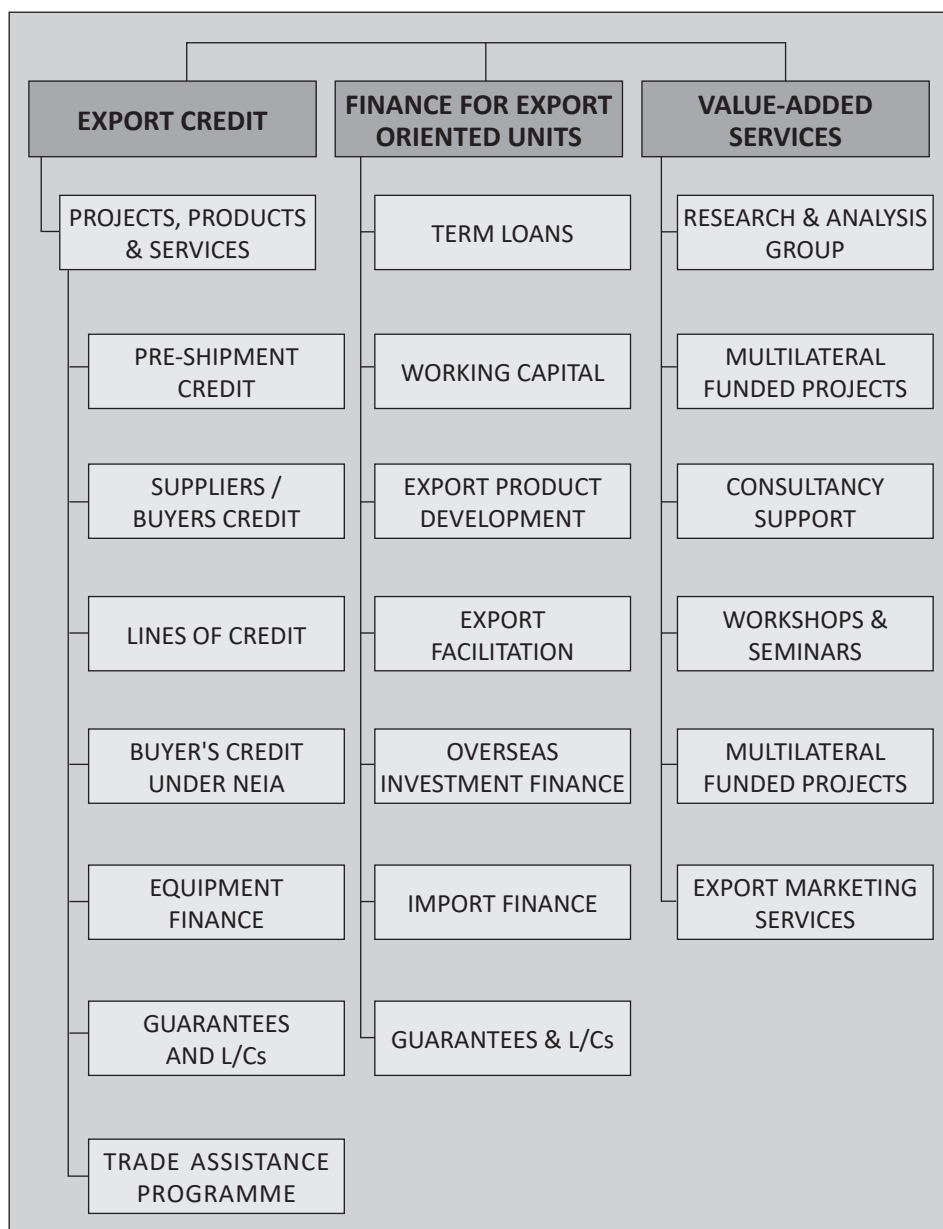
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