kotak karma

ICRIER

AF-TAB
AGRI-FOOD TRENDS AND ANALYTICS BULLETIN

Building an Export-oriented Apparel Sector

Volume 5 | Issue 1 | July, 2025

Inside the Issue

Chief Editor
Ashok Gulati

Editor
Shibani Chhatopadhyay

Issue Coordinator
Sulakshana Rao

Logistics Coordinator
Rahul Arora

Contact us:

CORE-6A, 4th Floor, India Habitat Center, Lodhi Road, New Delhi – 110003, INDIA (Email: agriculture@icrier.res.in)

www.x.com/@icrier
www.linkedin.com/icrier
www.youtube.com/icrier
www.instagram.com/icrier.res.in/

From the Chief Editor’s Desk

Amidst an evolving geopolitical landscape and shifting global trade patterns, India’s textiles and apparel (T&A) sector stands at a crucial juncture. The country has a rich cultural heritage in textiles and is one of the few nations with the entire T&A value chain, yet its export share in apparel market remains low and stagnant over the last two decades, at least. With China gradually vacating the export market space and global buyers looking to diversify sourcing, India must act swiftly.

This AF-TAB issue, titled ‘**Building an Export-oriented Apparel Sector**’, explores this window of opportunity through three interesting articles. The first article, ‘India’s Apparel Sector and the Window of Opportunity’, examines India’s stagnant export performance and the structural constraints that have prevented it from capturing a larger global share. It highlights how fragmentation, poor logistics, and high input costs weigh the sector down, despite strong domestic potential. The second article, ‘Missing the Closet: Is India Exporting What the World Wears?’ analyses India’s export basket against global demand trends. It reveals a mismatch between what India produces - largely cotton-based basics and what the global markets demand – man-made fibres (MMF)-based, fashion-forward garments. This misalignment is most visible in key markets like the US and EU. The third article, ‘PM MITRA Parks- Can They Lift Apparel Exports?’, evaluates the government’s flagship scheme designed to address these inefficiencies. While PM MITRA is a much-needed step to create scale, plug-and-play infrastructure, and attract investment, its success depends on timely execution, policy alignment, and strategic targeting.

This issue argues that the apparel sector must be treated as a national strategic priority, that combines scale, sustainability, and smart policy to translate potential into export performance. It has a potential for massive job creation, which is productive and sustainable.

Ashok Gulati
Distinguished Professor, ICRIER

India's Apparel Sector and the Window of Opportunity

1

Ayushi Gupta, Sulakshana Rao, and Ashok Gulati

India's Apparel Sector - An Overview

The textile and apparel (T&A) sector in India is a cultural heritage, boasting centuries of craftsmanship. The sector employs around 45 million people directly and contributes significantly to the economy. From the Banarasi silk in the North to the Kanchipuram sarees in South, Chikkankari from Lucknow, Phulkari from Punjab, Patola from Gujarat, and Kalamkari from Andhra and Telangana are a few examples. India is one of the few countries with a complete textile value chain. In 2023–24, the sector (including leather) added a gross value added (GVA) of INR 3.07 lakh crore at constant (2011–12) prices (National Accounts Statistics, 2025). T&A accounted for an average annual growth rate (AAGR) of 6 per cent between 2011–12 and 2023–24 (and 7.3 per cent if we exclude the covid period). This makes it not only one of the largest employers in the country, but also a key pillar in India's push for industrial growth, rural employment, and exports.

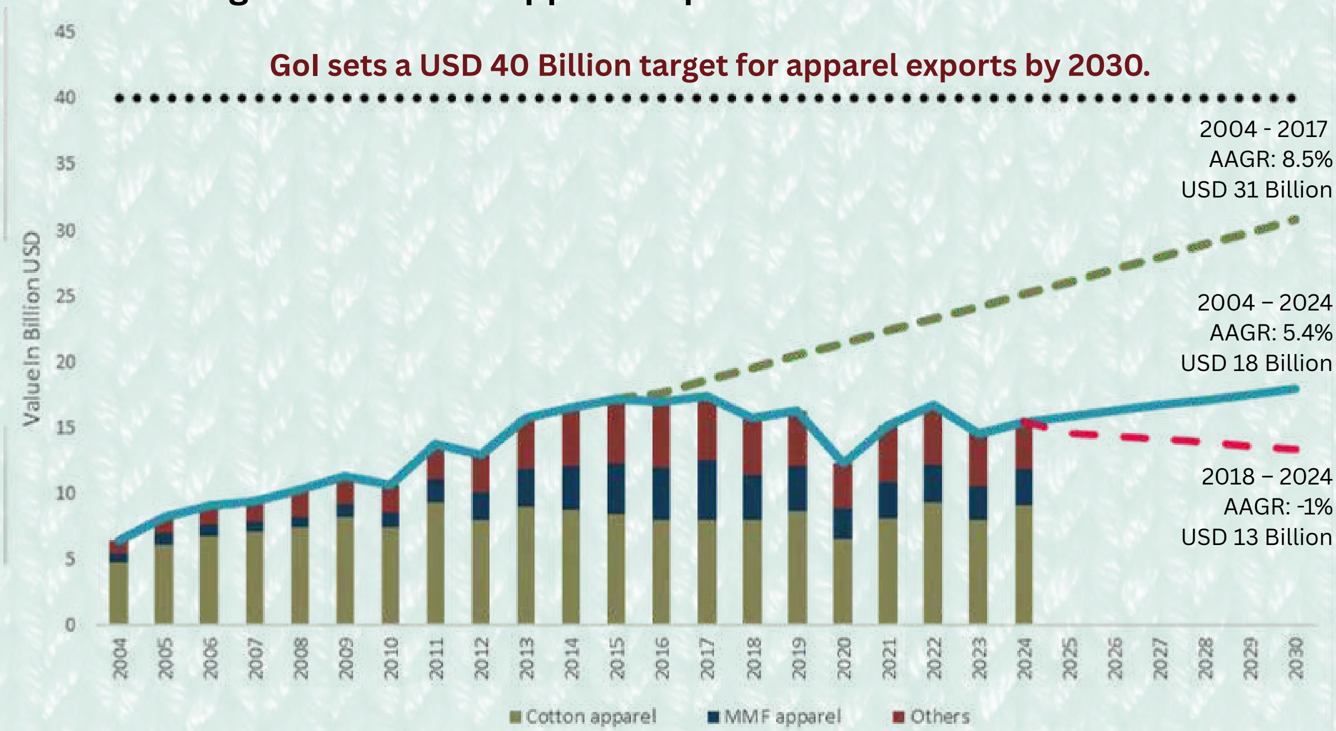
Exports Performance and Stagnation

From the export point of view, India's T&A sector has stagnated. Apparel exports (42 per cent of T&A exports (HSN codes 61 and 62)) reflect a broader stagnation hovering around 3 per cent since 2000. Apparel exports rose from USD 5.57 billion in 2000-01 to USD 11.62 billion by 2014-15, peaking at USD 16.99 billion during 2019-20 and declined to USD 15.7 billion by 2024-25. On the other hand, competitors like Bangladesh, rose from 2.2 per cent to 9.6 per cent, and Vietnam from 1 per cent to 5.8 per cent between 2000 to 2023. All this while China has been vacating the apparel export market share from 34.8 per cent to 29.8 per cent (ITC Trade Map, 2024). India has been slow to capture the space left behind. There are many reasons for this. India's apparel sector faces challenges such as fragmentation of production across MSMEs, supply chain dispersion across states, lack of scale, outdated technology, poor infrastructure, and high logistics costs.

Aiming High but Are We Ready?

Government of India has set an ambitious target of USD 100 billion for T&A exports by 2030. Of this, the apparel export target is USD 40 billion by 2030. India's T&A exports in 2024-25 (FY25) stood at USD 36.96 billion, of which apparel exports were USD 15.7 billion. However, the global apparel market, valued at USD 516.3 billion (within the larger USD 881.6 billion T&A export market as per ITC Trade Map, 2024) is expected to grow exponentially. As global demand continues to expand India has an opportunity to tap its potential and increase its global share, provided it can undertake some strategic policy decisions in that direction.

Figure 1.1: India's Apparel Exports and Linear Forecasts



Source: Gulati and Gupta, 2025

India's apparel exports grew at a robust average annual growth rate (AAGR) of 8.5 per cent between 2004 and 2017 (**Figure 1.1**). A linear projection based on this growth rate would place exports at approximately USD 31 billion by 2030. However, this pace has not been sustained. When extended over the 2004–2024 period, the AAGR slows to 5.4 per cent, indicating exports may only reach USD 18 billion by 2030, less than half the official target.

From 2018 to 2024, apparel exports declined at an AAGR of -1 per cent, bringing the current trajectory to just USD 13 billion, effectively stagnating over a six-year period. The growth curve has flattened and drifted far below the path needed to meet the government's vision (Gulati and Gupta, 2025).

This paradox, high ambition against weak performance, highlights that India's apparel sector cannot meet global demand or create mass employment through fragmented production and conventional policy instruments. Business as usual will not work.

At the heart of India's underperformance in apparel exports lies a structural limitation: the absence of scale. India's garment sector remains fragmented and dominated by micro, small, and medium enterprises (MSMEs). Over 80 per cent of apparel units operate on a small and dispersed basis, severely limiting their ability to meet the evolving demands of global buyers. As Gulati and Gupta (2025) put it, "we are too many, too small, and too dispersed." Supply chains, further dispersed across states, create inefficiencies and inflate logistic costs and lead times compared to competitors. This pervasive lack of scale directly restricts India's competitiveness in the global apparel market.

A key structural constraint on achieving scale in India's apparel sector stems from restrictive factory and labour laws. These laws sharply increase compliance obligations once firms cross the defined employment threshold of 100 workers. India's labour framework, with its 52 central laws, many dating back to the 1940s, is built around job protection rather than employment generation. Laws such as the Factories Act (1948) and the Industrial Disputes Act (1947) were designed in a different era and today often deter formal hiring, especially in labour-intensive sectors like garments.

These laws, originally designed to protect workers, now discourage expansion by making it costly and complex to scale operations beyond 100 workers. This regulatory burden has entrenched a "small is beautiful" mindset, rooted in decades of industrial policy favouring small-scale units.

Scale matters, especially in the apparel industry, where international buyers seek reliable partners to deliver large volumes at consistent quality and speed. Large factories enjoy significant economies of scale, allowing them to reduce per-unit costs, invest in automation, and comply easily with environmental standards. They enable faster delivery timelines, which is critical in a fast-fashion, demand-driven marketplace.

Therefore, the immediate need is to transform the business environment to make large-scale, export-oriented manufacturing viable and globally competitive.

Currently, India's regulatory and institutional ecosystem penalises rather than promotes scale. As Manish Sabharwal (Chairman and Co-founder, TeamLease Services) notes, India's compliance landscape includes more than 1,500 laws, 69,000 compliance requirements, and over 26,000 provisions that can lead to imprisonment. This imposes a high cost of compliance and discourages formalisation. What is needed is not more policy but smarter policy.

PM MITRA – A Step Forward but Not a Panacea

Recognizing the need for structural reforms, Government of India launched the PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks scheme envisioned to create seven world-class textile and apparel parks with integrated plug-and-play facilities. The goal is to consolidate fragmented operations, improve logistics, and promote investment.

However, while PM MITRA is a step in the right direction, it is not a panacea. Execution timelines remain uncertain, and most of the parks are still at a nascent stage. Unless implemented with speed, transparency, and efficiency, the policy could fall short of the transformation it promises. Moreover, the success of such mega parks depends not just on infrastructure, but on whether they can offer integrated ecosystems that link farm to fashion, support skills development, attract anchor investors, and embed sustainability and compliance into operations. Ease of doing business is critical in such cases. And the jury on this is still out.

Questions Ahead

India's apparel sector holds a good promise, but its performance in the export market has been muted since 2000. If India wants to become a major player in global apparel exports, the sector must be treated not just as a source of tradition and jobs, but as a key industry that needs focused and coordinated reforms.

The government is moving in this direction through initiatives like PM MITRA parks, but when these will be delivered and start making an impact still remains to be seen. Why aren't we able to capture the global space being vacated by others? What exactly is holding us back? Is it only the lack of scale or the absence of integration? Are we failing to meet the demand of global buyers (Article 2), or are input costs, especially of capital and labour, affecting our overall competitiveness and weighing us down? These are the questions this issue raises, and the following articles will attempt to answer them.

References

- DGCIS Information regarding the Export values of India from 2000 to 2025 has been retrieved fromhttps://dgciskol.gov.in/foreign_trade_statistics.aspx
- Foundation for Economic Development. (2024). Manish Sabharwal On India's Regulatory Cholesterol | Ep 11 | Growth Is Good. Youtube. Manish Sabharwal On India's Regulatory Cholesterol | Ep 11 | Growth Is Good
- Gulati, A., & Gupta, A. (2025, June 9). Scale up garment industry. The Financial Express. https://www.financialexpress.com/opinion/scale-up-garment-industry/3872967/
- ICRIER (2025) From Farm to Foreign: Saga of Indian Textile and Apparel Sector https://icrier.org/publications/from-farm-to-foreign-saga-of-indian-textile-apparel-sector/
- ITC TRADEMAP (2024) & UN COMTRADE (2024) The information regarding the Total Export Values of India, China, Bangladesh, Vietnam has been retrieved from https://www.trademap.org/ & https://comtradeplus.un.org/TradeFlow
- MOSPI (2025) National Accounts Statistics 2025 | Ministry of Statistics and Program Implementation | Government Of India

Missing the Closet: Is India Exporting What the World Wears?

Riya Jain and Ashok Gulati

2

Introduction

The global runway of the apparel trade is dominated by a few, both in demand and supply. The major global importers of apparel include the European Union (EU) (42 per cent of global imports), the United States (US) (18 per cent), Japan (5 per cent), the United Kingdom (UK) (4 per cent), and Canada (2 per cent). On the export side, the leading players are China (29 per cent of global exports), Bangladesh (9 per cent), Vietnam (7 per cent), India and Türkiye (3 per cent each). Despite steady growth, India's share in global apparel exports remains modest compared to its competitors. In 2024, India's apparel exports reached USD 15.7 billion (DGCIS 2025), reaffirming the sector's importance to the national economy. However, a closer examination highlights a key structural challenge: while global imports of the top 10 garments total USD 191 billion in 2024, India's exports to this high-demand segment is a mere USD 2.77 billion (1.4 per cent)[1].

This article explores why India captures such a small share of the top-demanding garments globally and the reasons behind that. A key challenge lies in the growing disconnect between international market preferences dominated by MMF, synthetics, and performance wear and India's continued reliance on cotton-based, woven garments and lack of fashion integration. This misalignment is further deepened by low product diversification, inadequate MMF capacity, and slow trade negotiations between major trading partners.

Global demand and Key Market Imports

Global apparel imports, valued at USD 455.5 billion in 2023, where MMF and cotton apparel account for nearly equal shares of global imports, ranging between 33-39 per cent, with the remainder comprising apparel of other fibres[2]. In 2023, cotton apparel imports were valued at USD 177.4 billion, while MMF apparel reached USD 149.9 billion, a substantial increase from USD 58.91 billion in 2000, reflecting a growth rate of over average 5 per cent annually (UN Comtrade 2023). This rising preference for MMF is attributed to its affordability, durability, ease of maintenance, and growing demand for performance and athleisure wear, particularly in mature markets such as the US and EU.

The EU and the US are the two largest importers of apparel globally, accounting for approximately (42 per cent by the EU and 18 per cent by the US) 60 per cent of the global apparel import market, making them strategically important for any exporting country.

[1] Three out of ten items were reflected from India's top exported garments into global top ten imported garments.
[2] MMF and Cotton apparel segmented data is latest available for year 2023 on UN Comtrade, while total trade data is available latest for year 2024 from ITC Trade map.

Table 2.1: Top garment imports by EU and US *vis-à-vis* India's top exports in 2024

(Value in USD billion)

HSN	Description	EU imports	US imports	India's exports	Mismatch?
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted	11.35	7.4	-	Complete Mismatch
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	14.9 (5.5%)	4.94 (8.7%)	1.72	Underperformed
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted	10.3	4.84	-	Complete Mismatch
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted)	11.4 (2.14%)	4.43 (2.75%)	0.45	Underperformed
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted	8.6 (1.5%)	4.01 (3.11%)	0.31	Underperformed
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres	3.8	2.30	-	Complete Mismatch
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. cotton)	5.7 (1.1%)	1.96 (1.17%)	0.60	Underperformed
610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres,	3.8	1.77	-	Complete Mismatch
621210	Brassieres of all types of textile materials, whether or not elasticated, incl. knitted or	3.3	2.12	-	Complete Mismatch
620520	Mens or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other	3.3 (9.3%)	1.78 (13.8%)	0.71	Underperformed

**Figures in parentheses represent India's share of export of particular garment into that market.*

Source: ITC Trade Map

Table 2.1 presents the top apparel products imported by the EU and the US, and indicates whether each item features among India's top 10 apparel exports. For overlapping products, the table also shows India's export share to the respective market (value in parentheses). A closer look reveals a clear consumer preference for cotton and MMF-based garments, particularly casual and performance-driven items such as T-shirts, pullovers, and sweatshirts. Notably, there is a stronger demand for knitwear (HSN 61) over woven apparel (HSN 62), driven by comfort-focused consumer trends and the climatic conditions in these regions.

This shift in global demand offers a critical insight for India's apparel export strategy. However, India's export profile continues to lag behind key competitors due to several several structural challenges, including limited MMF manufacturing capacity, high raw material costs, inverted duty structures, and stringent quality control orders (QCOs). To improve market penetration and competitiveness, India must diversify its production base, building on its existing strength in cotton-based garments while expanding into high-demand MMF categories. The analysis suggests that by focusing on the top ten apparel products most imported by the EU and the US, India could significantly increase its market share and move closer to global export leaders.

India's Mismatch

India's strength continues to lie in cotton-based apparel, with its top exported garments predominantly made from cotton. However, **Table 2.1** highlights demand in the EU and the US towards MMF and knitwear garments. A deeper analysis reveals key gaps in India's export performance:

- Jerseys, pullovers, and cardigans made from cotton and MMF (knitted) are among the most demanded garments in both the EU and the US, yet they do not appear in India's top export list, which indicates a significant competitiveness gap and a complete mismatch between what EU and US wears and what India exports.

- T-shirts, India's top apparel export, generated USD 2.33 billion in 2024 (including cotton and non-cotton variants). Despite this, India's market share for T-shirts in major markets remains in the single digits (approx. 7 per cent in both markets), suggesting limited penetration even in its strongest category, which reflects a case of underperformance.

- Trousers represent the second major category globally, where India's share of these garments lie between 2-4 per cent. Despite a combined demand of nearly USD 12 billion in the EU and the US, these products do not feature among India's top apparel exports. This gap highlights a significant missed opportunity, particularly given India's strong manufacturing clusters in regions like Gujarat and Tiruppur, which could be leveraged to scale production. Such omissions reflect a case of Complete mismatch.

If India strategically leverages product-level opportunities and integrates fashion-forward design with scaled-up production, particularly in categories like jerseys, pullovers, cardigans, trousers (both cotton and non-cotton), and brassieres, it stands to tap into a market worth USD 91.1 billion. This could be done with the help of specialized training programs under SAMARTH scheme (Scheme for Capacity building in the Textile sector) where they trained specifically for products which have huge market share in these markets. Capturing a greater share of this demand could significantly accelerate India's progress toward the government's ambitious target of reaching USD 100 billion by 2030.

Are competitors meeting the demand?

India competes in the global apparel export market with China, Bangladesh, and Vietnam. As established, India's apparel export basket does not match the top import needs of key markets such as the US and the EU. In contrast, the export baskets of China, Bangladesh, and Vietnam fit these markets' import preferences much better. Whereas, competitors are able to export 60 – 90 per cent of top imported garments globally, but for India the share is around 30 per cent.

The larger share is also attributed to the tariff advantage and earlier signed agreements with the US and the EU which helps competitors in designing and exporting according to needs and taste of these markets. This gives China, Bangladesh, and Vietnam a clear advantage. Their ability to meet high-demand product categories ensures a larger market share and export growth.

Challenges and Way Forward

India's limited presence in high-demand global garment segments stems from a legacy dependence on cotton-based and woven garments, which no longer dominate global import baskets. Structural gaps such as a weak MMF production ecosystem, inverted duty structure under the GST regime and QCOs on Polyester Staple Fibre and Viscose Staple Fibre (VSF), fragmented supply chains, and delayed free trade agreements—especially with the EU—have constrained India's export competitiveness.

- To close this gap, India must transition towards an MMF-centric export strategy, supported by policy initiatives. Efforts should prioritise investment in polyester, viscose, and spandex-based apparel manufacturing and build fully integrated MMF-focused clusters that include dyeing, testing, and finishing infrastructure. India needs to develop a full value chain in MMF starting with availability of raw material to garment which will provide brands to grow and invest in the India. Also, a strong emphasis must be placed on upskilling workers for MMF garment construction and advanced machinery operation, and a big boost towards brand creation according to Western demand. Most importantly, India's vast network of MSME apparel clusters must be empowered with insights into global top-selling product categories and supported through industry bodies and export councils. Firms need to integrate more deeply both vertically and horizontally to build scale, reduce lead times, and better align with global buyer expectations

- India must fast-track FTAs and BTAs with the EU and the US to restore tariff parity with Vietnam and Bangladesh. One of the reasons of the high share of Bangladesh and Vietnam lie in early signed FTAs and BTAs which helped to bring boom to their garment industry. In parallel, investments in design led studios which can help in advocating and predict changing trends in key markets and help in brand building, buyer-seller platforms which can help MSMEs to get digitally connected for real time feedbacks and product visibility, technological advancements in MMF production and market intelligence systems, that can help firms develop globally competitive products such as padded jackets, fleece wear, and synthetic trousers based on real-time demand.

Despite a booming domestic industry, India's export portfolio of garments tells a story of missed opportunities and misalignment. To compete at world stage, India must tailor its strategy to fit its right apparel in the right closet.

References

- Apparel Export Promotion Council. Focus country report. Retrieved from https://www.aepcindia.com/system/files/Focus%20Country%20Report.pdf

- International Trade Centre. Trade Map: Trade statistics for international business development. Retrieved from https://www.trademap.org/

- Juneja, R., Rao, S., Gulati, A., Gupta, A., & Jain, R. (2025). From farm to foreign: Saga of Indian textile & apparel sector. Indian Council for Research on International Economic Relations. Retrieved from https://icrier.org/pdf/From-Farm-to-Foreign.pdf

- Textile Insights. (2023, August 23). The outlook for India's knitting and processing industry is promising. Retrieved from https://textileinsights.in/the-outlook-for-indias-knitting-and-processing-industry-is-promising/

- The Indian Textile Journal. (2023, October 12). MMF: Profit spinner. Retrieved from https://indiantextilejournal.com/mmf-profit-spinner/

- United Nations. (n.d.). UN Comtrade Database. Retrieved from https://comtrade.un.org/

- United States International Trade Commission. (2024). Apparel: Export competitiveness of certain foreign suppliers to the United States (Investigation No. 332-602; USITC Publication 5543) . https://www.usitc.gov/publications/332/pub5543.pdf

PM MITRA Parks: Can They Lift Apparel Exports?

3

Sulakshana Rao, Ayushi Gupta, Sutanu Das and Ashok Gulati

With an aim to unpack India's T&A export potential as a driver of growth, this article explores the role of the PM MITRA parks in catalysing structural transformation in the sector. We look specifically into the apparel exports potential from these Parks. Launched in 2021 with a budget outlay of INR 4,445 crores, the scheme envisions seven integrated textile parks spread across 1000 acres each. These parks will encompass key segments of the value chain from spinning and weaving to dyeing and apparels supported by plug-and-play infrastructure, connectivity, skilling, innovation hubs and logistics. The scheme has the 5F framework at its heart (Farm to Fibre to Factory to Fashion to Foreign), aimed at strengthening India's global competitiveness in T&A exports. This article hypothesizes that if implemented in a timely manner, tailored to regional strengths, PM MITRA parks could help fix the structural bottlenecks and catalyse India's apparel exports.

What India needs now is supply-side readiness, scaling up production, and fast tracking the integration of our fragmented T&A value chain. While value addition is important, India's challenges begin even before that at the level of scale (as discussed in article 1). And in global markets, scale is not just about size it's about reliability, efficiency, and responsiveness (look at the example of China, although it has also maintained price competitiveness through periodic devaluation of the Yuan.). Larger units can adopt automation, invest in ESG compliance, and offer consistent lead times, which are now as critical as price. To quote an example is the journey of Shahi Exports here. What began as a 15-member unit in 1974 has grown into India's largest apparel exporter, with >50 factories across eight states and over 100,000 workers, most of them women. Its scale has enabled vertical integration and professional management, helping it cross USD one billion in annual revenues. But this success has taken five decades, India cannot afford to wait another 50 years to replicate this model at scale. This is where PM MITRA parks can play a catalytic role.

Another aspect is the Unit Value Prices (UVP) of exports. **Table 3.1** shows the UVP of apparel exports to the United States, a key apparel export destination. China, for instance, has seen its UVP fall from USD 4.84 in 2000 to just USD 1.78 in 2024, and it continues to dominate global apparel exports. The reason lies in massive production scale, deep vertical integration and consistent delivery capabilities. Few studies (Antoshak, 2025) suggest China's Textile subsidies as hidden cost driving global price wars. India's UVP was USD 3.42 in 2024, just above Bangladesh (USD 3.09) and below Vietnam (USD 3.59). But while Vietnam's UVP has steadily increased reflecting a shift to higher-value exports India's UVP has remained largely flat over the last decade. For India, the priority must be to address the structural bottlenecks that prevent scale and speed.

Table 3.1: India's apparel export UVP vis-à-vis major apparel exporter countries

Country	UVP ($/SME) to USA				GDP per capita, current prices USD (2024)
	2000	2010	2020	2024	
China	4.84	2.69	1.79	1.78	13,312
Bangladesh	2.19	2.45	2.77	3.09	2,622
India	4.47	3.2	3.34	3.42	2,711
Vietnam	1.58	3.08	3.31	3.59	4,535

Source: OTEXA, 2025 & IMF database, SME is square meter equivalent

To accelerate large scale manufacturing, India must rethink its policy structure in T&A sector. Vietnam and Bangladesh have shown different but complementary paths. Vietnam attracted FDI through predictable corporate tax regimes and long-term incentives. Bangladesh tackled the capital constraint by enabling duty-free import of inputs via bonded warehousing and offering working capital solutions through back-to-back letters of credit. India, by contrast, struggles with high borrowing costs (9 per cent), while Vietnam and China offer rates between 3 and 4.5 per cent. Apparel firms with thin margins (4-5%) simply cannot compete at such cost disadvantages.

One solution is to introduce structured capital subsidies (25-30%) tied to scale thresholds, such as 1,000 machines or more similar to PLI 2.0 eligibility. A time-bound tax holiday of 5-7 years, especially for new units in the PM MITRA parks, can also encourage fresh investments. An export-linked incentive could further boost performance by rewarding firms for higher volumes and offering expedited port clearances, concessional credit, and reduced duties on inputs.

PM MITRA Parks – What Government Promises? The PM MITRA parks aim to fix many of the above-mentioned issues by offering integrated infrastructure, encouraging scale, and connecting raw material to finished goods in one location. But is it a one stop solution? These parks are more than infrastructure projects and are envisioned as future export hubs. It may be worth exploring if some of these parks could be envisioned as export hubs, especially the ones in Gujarat and Tamil Nadu, which have port advantage, and even those in Madhya Pradesh and Uttar Pradesh, which have abundant labour at low cost. This also offers an opportunity to address India's growing geographical imbalance in T&A manufacturing. States like Tamil Nadu and Karnataka are seeing rising labour costs, while states like Uttar Pradesh, Bihar and Madhya Pradesh have surplus labour and lower wage rates. Strategically designing a few parks to be labour intensive and garment focused can help correct this imbalance. They can be completely garment driven. The parks are planned to suit regional strengths and fill gaps in the current supply chain. States will also need to contribute through their own incentives like lower land lease rates, power subsidies, and faster approvals. Seven locations have been selected for the PM MITRA parks (min area of 1000 acres), based on their connec--tivity, availability of raw material, proximity to existing textile clusters, and state government support (**Table 3.1**).

Figure 3.1: State-wise PM MITRA Parks

Table 3.2: State-wise PM MITRA and overview

Location	Strengths	Strengths
Virudhunagar, Tamil Nadu (Greenfield)	Spinning, Knitting and weaving, Processing, Garment manufacturing, Export-oriented units	Port Access: Tuticorin Port – 111 km Govt Support: Rs. 1,900 crores approved (July 2025); funds to be released shortly; project implementation to begin by end 2025.
Warangal, Telangana (Brownfield)	Ginning and spinning, Power loom and handloom weaving, textile processing, RMGs	Warangal Railway Station – 14 km; Rajiv Gandhi Intl Airport – 190 km Brownfield site with operational mechanism already in place.
Navsari, Gujarat (Greenfield)	MMF, textile processing, yarn manufacturing, garments	Port Access- Hazira Port – 66.2 km Timeline Greenfield development to begin by August 2025; advanced planning underway.

Kalaburgi, Karnataka (Greenfield)	Cotton ginning and spinning, weaving, garment manufacturing	Connectivity- Raichur (railway)– 159 km; major port: JNPT Mumbai – 500 km
Dhar, Madhya Pradesh (Greenfield)	Yarn, knitting, weaving, processing, dyeing, apparel manufacturing	Indore Airport – 110 km; Dedicated Freight Corridor (Ratlam) – 55 km Govt Support Rs. 2,100 crores approved (June 2025); implementation expected by early 2026.
Lucknow, Uttar Pradesh (Greenfield)	Weaving, processing (bleaching, dyeing), apparel manufacturing	Lucknow Railway Station – 40 km; Lucknow Int'l Airport – 45 km
Amravati, Maharashtra (Brownfield)	Handloom and powerloom weaving, dyeing, garments, home textile and traditional crafts	Connectivity: Jalna Dry Port – 280 km; JNPT Port – 700 km Status: Brownfield with established base; capacity expansion planned under PM MITRA.

Source: Ministry of Textiles, 2024 and other newspaper articles

While the parks hold significant promise, they are not a panacea for the entire textile value chain. Infrastructure alone will not suffice. The real litmus test lies in timely execution and in addressing other critical policy gaps in areas such as labour laws, raw material sourcing, branding, and compliance with global standards. First and foremost, need therefore is to get them going, and announce incentives for early investors. Reforms in the labour ecosystem are equally important for India's T&A segment. India's labour laws (from 1940s) protect jobs but disincentivise job creation due to rigidity. Overtime wages in India are mandated at 2 times the normal wage rate, while ILO norms begin at 1.25 times this alone raises unit costs considerably. An innovative model could link 25-30% of MGNREGA funds to wage subsidies for workers entering formal apparel factories, helping bridge the cost gap and increasing employment. Meanwhile, skill development needs to be demand led, scaling up PM SAMARTH to focus on short cycle, placement driven training for women in labour surplus districts.

Benchmarking best practices from Bangladesh, Vietnam and China

Vietnam's Integrated Parks with Speed, Scale and Compliance

Vietnam has emerged as a global apparel exporter by building large, integrated textile parks that address key points of scale, speed and compliance. Despite limited raw material availability, Vietnam's parks like Rangdong industrial park (Aurora IP, 519.6 ha) and Texhong Hai Ha Industrial Park (660 ha) offer end to end infrastructure with high environmental standards, centralized ETPs (Effluent Treatment Plants), and reliable utilities. Rang Dong is designed as a green industrial zone focused on textiles and apparels, featuring solar powered infrastructure and eco-friendly processing units (Rangdong Industrial Park, 2023). Texhong Hai Ha, backed by one of China's largest textile groups, includes integrated facilities from yarn to finished garments and caters to global buyers with strong compliance systems (Texhong Group, 2024).

These parks attract both domestic and foreign investors through plug and play infrastructure and simplified approvals (ease of doing business) (Vietnam Ministry of Planning and Investment, 2023; UNIDO, 2019). Vietnam's focus on ESG compliance, along with multiple FTAs like EU-Vietnam Free Trade Agreement (EVFTA) and Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), strengthens its position in global markets.

Bangladesh's low-cost production and investor focused governance

Bangladesh's success story in apparel exports is built on low-cost manufacturing, streamlined governance and investor friendly Export Processing Zones (EPZs). While its wage advantage is often highlighted, it is the institutional facilitation within its EPZs (Chittagong, Dhaka, Karnaphuli EPZs are some example) that makes the model attractive (Bangladesh Trade Portal, 2023). The Bangladesh Export Processing Zones Authority (BEPZA) provides end to end support for manufacturers including coordinated utilities, customs clearance, labour permissions, and licensing right within zone premises. This removes layers of bureaucratic delays. Bangladesh's EPZs offer competitive advantages through tax holidays (10 years earlier, now 5–7 years), duty-free imports of machinery and raw materials, and no export duties on finished goods. Beyond financial perks, BEPZA ensures streamlined approvals for utilities, customs, labour, and permits directly within zones. Offshore bank accounts are allowed, adding stability and flexibility.

China's cluster model with scale, innovation and trade networks

China's dominance in T&A exports is rooted in decades of policy led industrial clustering, innovation, and trade facilitation. The Keqiao Textile City (1988) in Zhejiang Province over 1,080 square kilometres (2.6 lakh acres), Keqiao is among the world's largest textile hubs hosting thousands of suppliers and buyers under one roof (HKTDC, 2024), integrating manufacturing, trade, design, and logistics. China is also investing in next-generation clusters, such as the Jiangxi Province textile hub under the 2023–2026 Modernization Action Plan. This initiative focuses on building 10 new clusters, supporting over 100 specialized and innovative companies, and creating a domestic 3D digital clothing platform, green processing technologies, and advanced R&D centres. The goal is to integrate fashion, green production, and technology into the apparel chain, with an output target of USD 20 billion by 2026 (SCIO, 2024).

PM MITRA Initiative and Litmus Test

The PM MITRA scheme is a strategic initiative. It gives India a chance to fix many long-standing problems in the T&A sector such as lack of scale, poor logistics, and dispersed supply chains (ICRIER, 2025). However, the real litmus test lies in timely and efficient execution. If these parks face delays in land development, utility connections, or policy coordination, the opportunity may slip away. It is pertinent to highlight that PM MITRA is not a one stop solution. Building parks alone will not solve all the issues faced by the industry. One of the biggest challenges remains the lack of competitiveness in MMF.

As of today, global demand is dominated by MMF based garments, yet India's policy framework including the inverted GST structure and QCOs on imported fibres add to the costs. These policies need urgent review and realignment if India wants to truly compete in the global apparel market. While the PM MITRA parks will provide space for production, they do not automatically create a design ecosystem or push Indian products up the value chain. The country needs stronger links between industry and fashion institutes (national and global). Beyond land and infrastructure, India must address deeper issues like access to affordable credit (in line with China's 3-3.5 per cent cost of capital), labour flexibility (in line with Bangladesh), and skill development (tweaking the SAMARTH scheme). As highlighted in the next article on Export linked incentives, many textiles' clusters struggle with high cost of capital, inconsistent power supply, and shortage of skilled workers. PM MITRA is a step in the right direction and offers a strong foundation, but its success will depend on how it is executed, how quickly supporting policies are fixed, and how well it connects to branding, design, and the global market. Only then can it enable apparel as an engine of India's export growth.

References

- Aurora IP. (2023). About Aurora Industrial Park. https://auroraip.vn
- Bangladesh Trade Portal. (2023). Export Processing Zone in Bangladesh [PDF]. Ministry of Commerce, Government of Bangladesh. Retrieved from https://www.bangladeshtradeportal.gov.bd/kcfinder/upload/files/Export%20Processing%20Zone%20in%20Bangladesh_After%20Update.pdf
- DGCIS Information regarding the Export values of India from 2000 to 2025 has been retrieved fromhttps://dgciskol.gov.in/foreign_trade_statistics.aspx
- ICRIER (2025) From Farm to Foreign: Saga of Indian Textile and Apparel Sector https://icrier.org/publications/from-farm-to-foreign-saga-of-indian-textile-apparel-sector/
- Ministry of Industry and Trade of Vietnam. (2022). Results of the implementation of the CPTPP, EVFTA, UKVFTA agreements by ministries, branches and localities in 2022.
- Texhong Group. (2024). Corporate investment report: Texhong Hai Ha Industrial Park. https://www.texhong.com
- Robert Antoshak (2025). China's Textile subsidies: The Hidden Cost driving global price wars. (https://www.just-style.com/comment/chinas-textile-subsidies-hidden-cost-driving-global-price-wars/)
- UNIDO. (2019). Vietnam Industrial Zone Policy Briefs. United Nations Industrial Development Organization. Retrieved from https://www.unido.org/resources/publications
- US International Trade Administration OTEXA

Activities of the quarter

4

APSI in the Field

PepsiCo Kosi Processing Unit


Field visit to one of the largest Processing unit Devi-Sea food, at Andhra Pradesh


Visit to Shahi Exports, Ghaziabad Unit


Visit to Pearl Global exports, Gurgaon Unit


APSI Agrivoltaics Team's field visit to study APV Models in Eastern India (Odisha and Jharkhand)


Field visit to Meerut, UP and met with district officials and farmer groups


Field visit to Lucknow, UP, and met with the officials, researchers, and farmers

Events


अंतरराष्ट्रीय क्रेता विक्रेता सम्मेलन


CRIER
Round Table Discussion
ing Soil Health for Better Crop and Human Nutrition


Round Table Discussion
From Farm to Foreign:
a of Indian Textile & Apparel Sector
June 11, 2025, New Delhi


CRIER
kotak karma
Round Table Discussion on
Powering Agriphotovoltaics Through
Innovation and Dialogue
June 18, 2025, New Delhi

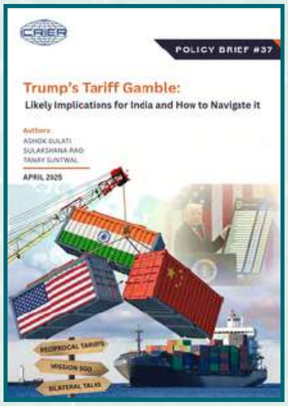

CRIER
BIOFIN
ICRISAT
UNDP
Roundtable Discussion
Repurposing Public Policies and Programmes
in Agriculture for Protecting Biodiversity
ICRISAT, Hyderabad
June 25, 2025
09:00 - 14:00 hrs

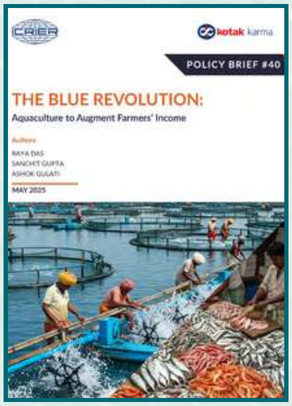
5

Bibliothèque

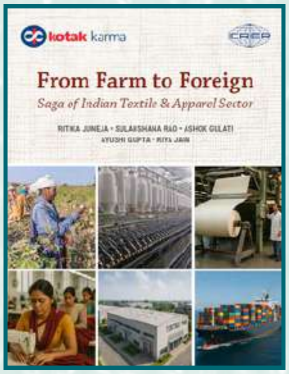
Publications in the previous quarter

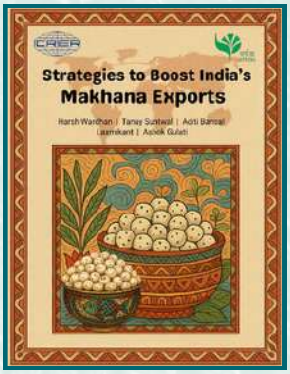
POLICY BRIEFS & JOURNAL ARTICLES

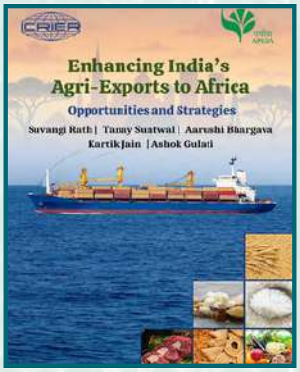


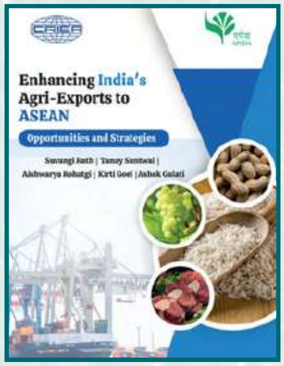


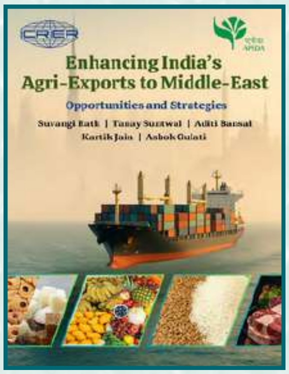
REPORTS

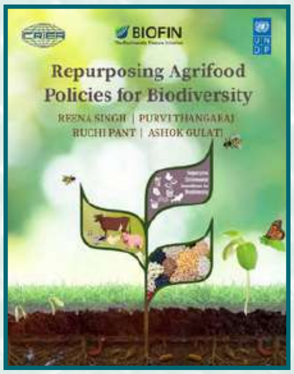


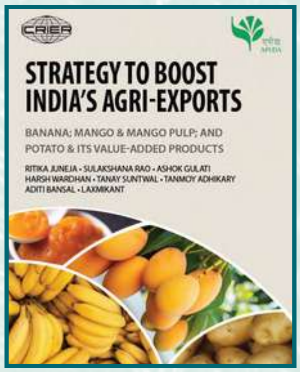








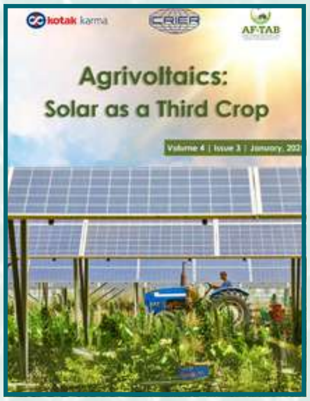


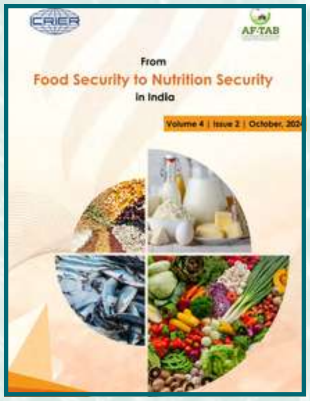


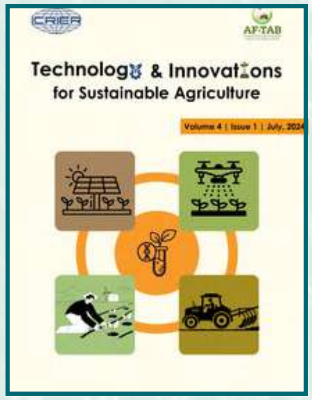
PODCASTS

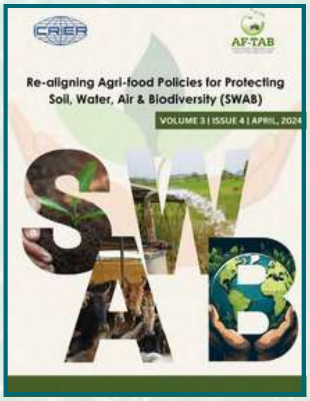
- Gulati, Ashok, Sulakshana Rao and Tanay Suntwal (April 14, 2025): "**Unpacking the Tariff Game Plan**", The Indian Express also published in the Financial Express under the "**Trump, the deal maker**".
- Gulati, Ashok, and Suvangi Rath (April 28, 2025): "**A revolution of clean energy**", The Indian Express also published in the Financial Express under the "**Caring of Mother Earth**".
- Basu, Subhodeep and Laxmi Sharma (May 6, 2025): "**From ploughs to panels, cultivating a solar-powered future**" The Hindu.
- Banerjee, Bidisha and Soham Roy (May 8, 2025): "**Tracking the Sun for a brighter tomorrow",** PV-Megazine
- Gulati, Ashok, Sulakshana Rao and Riya Jain (May 12, 2025): "**Stitching a new story**", The Indian Express also published in the Financial Express under the "**A Stitch in Time**".
- Gulati, Ashok, and Ritika Juneja (May 26, 2025): "**Cultivating a Global Farm**", The Indian Express also published in the Financial Express under the "**Agri-trade Mixed Bag**".
- Gulati, Ashok, and Ayushi Gupta (June 9, 2025): "**Tailoring A Sector**", The Indian Express also published in the Financial Express under the "**Scale-up Garment Industry**".
- Gulati, Ashok, and Ritika Juneja (June 23, 2025): "**The next step for change**", The Indian Express also published in the Financial Express under the "**Modi@11: Milestones at Macro Level**".
- Singh, Reena (June 28, 2025): Book Review "**The Unpredictable skies: An honest take on climate science and its challenges**", Financial Express

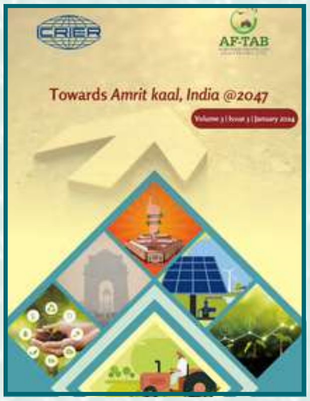
PREVIOUS AF-TAB ISSUES

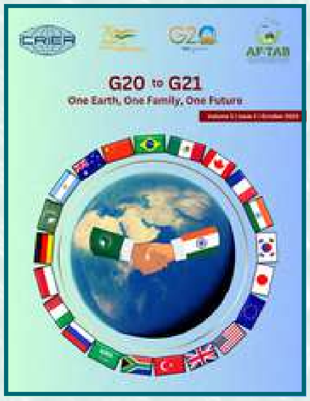


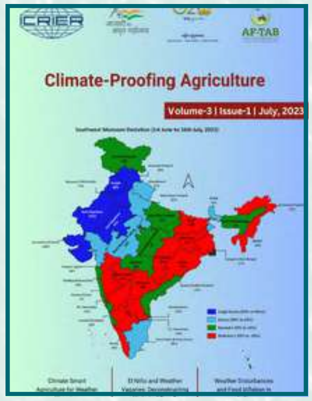












Cover Page Image Courtesy: Canva.com

Indian Council for Research on International Economic Relations
Core 6A, 4th Floor, India Habitat Centre, Lodhi Road, New Delhi - 110003, India
www.icrier.org

To subscribe to this bulletin, please write in to: agriculture@icrier.res.in