

# GOOD NEIGHBOURS

ADVANCING REGIONAL INTEGRATION, COOPERATION  
AND ENGAGEMENT IN SOUTH ASIA

## Fine cotton and designer fashion: Connecting Pakistani exporters to Indian markets

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The news story headline, 'India goes nuts over Pakistani textile products,' captures the excitement of Indian customers in 2012 when given direct access to Pakistani apparel at a trade exhibition in New Delhi. Pakistan's famous lawn cotton became a quick hit with Indian women who scooped up apparel made with original patterns, fresh designs and soft quality.

The successful trade show marked a brief but important softening in Pakistan-India trade relations. It was soon followed by shipments of Pakistani fabrics and designer garments to Indian cities. Between 2012

and 2015, chambers of commerce and textile ministries on both sides of the border organized trade fairs at least twice a year to connect fashion designers, clothing manufacturers, exporters, distributors, and retailers. Pakistan and northern India share similarities in cultural traditions, norms, and climate – and fashion tastes. Hence, the trade relationship is a natural one.

Despite soaring demand, Pakistani exports of clothing to India became more and more difficult as import duties increased and business visas became

harder to obtain. Trade fairs are now held in third countries such as Turkey and Dubai to keep a connection between Pakistani exporters and Indian importers alive. Some Pakistani designers use online channels and courier services to cater to individual Indian customers. Others count on the Indian diaspora to carry the latest styles in their suitcases during trips home. In women's fashion, political rivalries fall by the wayside as buyers and sellers focus on rich fabrics, elegant designs, and innovative styles.

## Pakistani fashion is a natural fit in Indian wardrobes

The Lifestyle Pakistan trade show that debuted in 2012 produced clear evidence of the potential for garment imports and exports. Pakistani designers saw an opportunity to use fashion to promote cultural harmony. Indian shops were eager to respond to the pent-up customer demand for Pakistani products. After the exhibition, a multi-label fashion store, Pakistan's Fashion Design Council or PFDC, opened a franchise in New Delhi as part of the shop, Rubaaiyat, by Mini Bindra of Bindra Ventures.

"We did not even have to do marketing for our products. I remember the time when the tag 'made in Pakistan' was enough for our products to sell like hot cakes." – an apparel exporter from Pakistan<sup>2</sup>.

As the trade relationship flourished, PFDC offered display space in its Lahore and Karachi shops to the Fashion Design Council of India, a not-for-profit organization promoting the fashion design industry in India. In 2014, India-based Rubaaiyat launched its own store in Lahore. Even before the exhibition, Pakistan's exports of clothing to India were on the rise. For a decade beginning in 2005, apparel shipments rose annually by more than 20 percent, according to fashion industry experts. Major Pakistani fashion brands rushed to claim space in the Indian market. Smaller suppliers in Pakistan selling replicas of high-end lawn brands also began to establish their mark in Indian apparel market. Trade fairs and other events gave Pakistani exporters direct access to Indian apparel distributors.

The fashion trade was made possible with the active support of Indian High Commission in Islamabad and consulates in both countries. Pakistani apparel businesses were able to expand operations to New Delhi and designers were granted 6-month visas to directly manage their sales in India, though most of these visas were city-specific and restricted marketing activities planned for other Indian cities. Trade officials on both sides facilitated business-to-business meetings, and a memorandum of understanding between business associations in India and Pakistan. The access provided to some businesses under the South Asian Association for Regional Cooperation (SAARC) visa exemption regime was also helpful.

Bollywood stars were photographed wearing Pakistani designer labels,

increasing demand for the apparel on both sides of the border. "Leading Bollywood actresses were contracted to promote our products across borders and it used to be a race, even in the domestic market, as soon as our lawn collection was launched. I mean, who wouldn't want to wear a design advertised by Karina Kapoor?" said a Pakistani exporter of fashion knock-offs. Television also boosted consumer demand. In 2014, India's Zee Zindagi TV channel began broadcasting Pakistani dramas that became a showcase for fashion trends.

The fashion industry stitched up more sales as part of a broader shift in relations between the two countries. In 2012, India and Pakistan agreed to ease strict visa requirements, especially for small businesses, religious pilgrims, and tourists. The change meant Pakistani businesses could get a multiple entry visa for one year that would allow them to visit up to 10 Indian cities. During this time, the India-Pakistan Joint Business Council and the Pakistan India Business Council were established to promote trade and people-to-people contact. Academia, think tanks, and civil society groups advocated investment cooperation and peace in the region. The momentum led to business dialogues in Islamabad and throughout Pakistan about creating and developing value chains, and collaborating in energy and water sectors, among other things. A 2008 initiative created the successful South Asia Economic Summit, co-hosted by a group of think tanks. The annual meeting continues today and rotates among South

Asian cities, giving businesses of all kinds and policy makers a venue to discuss regional economic cooperation.

Fashion proved to be two-way street. As Pakistani exporters expanded shipments, they made frequent trips to India and developed links with distributors. Those distributors began exporting traditional Indian garments such as sarees made from six yards of fabric, Rajasthani dresses, and ankle-length lehengas to Pakistan's Punjab and Sindh provinces. Experts see much more trade potential between the two nations, especially in items such as shalwar kameez (trousers with a long tunic) and richly embroidered bridal wear.

"There is a huge demand for Indian lehengas in Pakistan, especially during the wedding season. We had a two-way relationship with our distributors in India. We used to send them Pakistani clothes and, in turn, they used to sell us Indian clothes." – a Pakistani exporter

Many of the Pakistani exports were produced by women-owned businesses. India's demand for Pakistan-made apparel opened new opportunities for existing companies, and attracted women entrepreneurs in urban centers of Pakistan.<sup>3</sup> Even today, most members of the Islamabad Women Chamber of Commerce and Industry identify apparel exports as either their sole or secondary business.

## Cutting a new pattern for garment sales

Since 2015, clothing exports from Pakistan to India have declined significantly despite strong consumer demand.



Source: UNCOMTRADE database (2019)

The political vagaries of India-Pakistan relations along with a number of tariff and non-tariff barriers restrict access to the Indian market. For example, some Pakistani shipments have customs clearance delays of up to 45 days. A delay adds costs and means seasonal garments – such as lightweight Pakistani lawn – fail to reach the final market on time. The main trade route for Pakistani shipments to India has been through the border crossing near Lahore at Wagah, Pakistan. Attari, India, lies on the other side of the border and is about 25 kilometers from Amritsar. Apparel exporters say the effective tariff (including para-tariffs) at that location is a steep 21 percent, leading to apparel trade via informal routes.

Trade has also been chilled by stricter visa rules that make it difficult for Pakistani exporters and Indian distributors to meet. In 2016, India tightened visa rules for Pakistani

visitors after a militant attack near the town of Uri in Jammu and Kashmir.

"The last shipment I sent to India was back in 2015. The last three consignments were a total loss to me as I had to pay more in taxes and tariffs than the cost of the products exported." – former exporter in Lahore.

The period from 2009 to 2015 witnessed an increase in direct export of cotton suits (Harmonized System code – 620412) from Pakistan to India that peaked in 2015 at USD 247,800 from USD 4,100 in 2009. Since the India-Pakistan trade ban in 2019, the supply of these Pakistan-made garments was once again re-routed via Dubai; India imported USD 68,100 of cotton suits via the United Arab Emirates in 2019, jumping significantly from USD 3,600 in 2018<sup>4</sup>.

The Indian diaspora has become an ambassador for Pakistani fashion. Pakistan pavilions at trade fairs mostly organized in the United Arab Emirates, Britain, and Turkey are filled with Indian retailers, importers, and even individuals willing to buy in bulk to obtain Pakistani apparel.

The diaspora is also serving as a delivery service for Pakistani garments. Small exporters send casual shalwar kameez dresses, unstitched lawn suits, formal wear, and hand-embroidered dresses to India in the suitcases of Indian nationals returning home for a visit. Some exporters use social media such as Facebook to



accept orders<sup>5</sup>. Indian customers flock to Facebook pages like 'Pakistani Suits'<sup>6</sup>, 'Pakistani Designer Suits'<sup>7</sup>, 'Designer Lawn Suits',<sup>8</sup> among others to browse the latest Pakistani fashions. Indian customers also use major online stores such as Flipkart, Amazon, and Jabong whose vendors offer international delivery for clothing orders, often at a lower price than Dubai shops. Pakistani businesses that sell products through foreign online stores could reduce their costs if Pakistan adopted more and better online payment gateways and consumer protections.<sup>9</sup>

Despite the setback, exporters hope bilateral relations will eventually improve and result in lower tariffs for apparel exports and lower import taxes in India. Demand for Pakistani apparel in the Indian market remains encouraging.

Clothing and apparel are more than just products. Pakistan and India share a rich cultural history and many people in both countries use their wardrobe to reflect historic values and traditions. Political tensions and trade barriers have not stopped Pakistani products from entering India, and vice versa. Fashion designers and entrepreneurs have turned to e-commerce, informal trade, and sales through third countries to meet consumer demand, though to a limited extent.

"I am a regular buyer of Pakistani clothes in India and one of the chief attractions towards the Pakistan textile is their quality but given cold relations between the two neighboring countries, Pakistani dresses have now become prized possessions of an Indian wardrobe."  
– Fashion enthusiast in Delhi.

## Endnotes

1. <https://www.pakistantoday.com.pk/2012/04/15/india-goes-nuts-over-pakistani-textile-products/>.
2. Given the sensitive bilateral relationship between India and Pakistan, most of the interviewees spoke on the condition of anonymity.
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9. Ahmed Qadir and Vaqar Ahmed (2019) E-commerce regulations in Pakistan. Trade Insight Vol. 15, No. 1-2, 2019.

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## GOOD Neighbours Series

A key objective of the World Bank's South Asia Regional Integration, Cooperation and Engagement (RICE) approach is broadening evidence-based communication and outreach activities that will help strengthen the case for RICE and generate domestic demand. The 'Good Neighbours' series showcases successful cross-border stories demonstrating regional cooperation to build support for regionalism in South Asia.

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