



DIGITAL PRODUCT PASSPORT (DPP) OPPORTUNITIES AND CHALLENGES FOR INDIAN TEXTILE MSME'S



ABOUT SAGS APPARELS

- Our LEED Platinum-certified facility is thoughtfully designed to care for both people and the environment, with a strong focus on workers' health and wellbeing
- Renewable Energy – 100% solar-powered facility with on-site generation **(Net Zero Goals)**
- Water Stewardship – 51% reduction in usage and collecting rainwater harvested & borewell recharge **(Net Zero Goals)**
- Zero Waste & Circularity: We recycle cutting waste into new yarn, and ensure 20% of production uses recycled fabrics, eliminating single-use plastics. **(Net Zero Goals)**
- Fair Labor: Our supply chain is certified under Fairtrade Textile Standards (2022), and we are committed to pay living wages that are higher than industry standards, ensuring worker welfare.
- Recognition – Winner of German Sustainability Award 2020 & Fair Trade Award 2025 for Sustainable Textile Production Champion.



WHAT IS THE **DIGITAL PRODUCT PASSPORT (DPP)?**

The Digital Product Passport (DPP) is a unique, digital record associated with a physical product.

The DPP includes the product's environmental footprint, covering its carbon emissions, water and energy use, waste generation, and overall impact across the entire lifecycle – from raw materials to end-of-life.



Transparency: Provide consumers and businesses with accurate, instant information on a product's sustainability and circularity.

Efficiency: Improve traceability and sorting of materials during recycling and waste management processes.



SPECIFIC CHALLENGES / CONCERNS IN DPP FOR SME'S

- We are located in the Tirupur cluster, the knitwear capital of India, which contributes 68% of the country's knitwear exports.
- In the Tirupur 80% of factories are SMEs
- Most SME exporters do not have an integrated supply chain → Depend on various supply chain factories.
- Adding the Digital Product Passport (DPP) introduces additional costs for software platforms, cloud hosting, data management, staff training, and audits. These extra expenses increase the overall product cost, which ultimately affects the end customer.
- Tier-1 supplier rely completely on Tier-2 and Tier-3 supply chain units (Eg: spinning, knitting, dyeing, printing, embroidery, accessories) for lifecycle data. Many Tier-2 suppliers are small-scale operations with limited manpower to maintain the required records and documentation. Additionally, they often lack of financial capacity to upgrade their systems or infrastructure needed for digital data creation and management.



SUPPLY CHAIN CHALLENGES IN DPP

Knowledge Gap & Technology Limitations:

- Lack of awareness in micro/small supply chain units
- Insufficient technology to measure daily natural resource consumption (water, energy, chemicals)

Data Collection Issues:

- Difficulty in collecting data from multiple supply chain factories
- Vendors do not have organized systems in place to track & share data

Data Reliability:

- Data collected from vendors is not 100% verifiable
- Absence of standardized frameworks for: Data collection & Verification Need for uniform protocols & digital tools → Improve accuracy & transparency

Financial & Costing Challenges

- High cost of upgrading to sustainable technologies like IoT-based monitoring tools & digital platforms require financial investment
- MSMEs struggle due to limited margins and high competition

OPPORTUNITIES THROUGH DPP

Global Market Access

01

DPP compliance can become a passport to new international buyers – especially in the EU – who now prefer transparent, traceable, and sustainable supply chains.

- SMEs with early DPP adoption can stand out as preferred suppliers.

Stronger Supplier-Buyer Relationships

02

Digital transparency builds trust.

- Brands can identify reliable Tier-2 partners, leading to longer contracts and stable business volumes.

Competitive Advantage in Global Value Chains

03

DPP gives smaller suppliers visibility beyond Tier-1 – EU buyers can directly verify their compliance and sustainability.

- These levels the playing field between MSMEs and large corporations.

Brand Reputation & Customer Trust

04

Transparent digital footprints improve brand image for SMEs both locally and globally, positioning them as responsible, future-ready suppliers.



SUPPORT FROM EUROPEAN UNION (EU)



Proposed Exception:

During the initial implementation phase of DPP, an exception may be considered for Tier-2 and Tier-3 data contributing to less than 5% of the total product value. This flexibility would help MSME suppliers adapt gradually to digital requirements while maintaining overall data integrity and supply chain traceability.

Capacity Building and Training Support

Collaborate with Indian agencies to fund training programs on DPP data management, traceability, and sustainability reporting – especially for Tier-2 and Tier-3 suppliers.

Affordable & Open-Access DPP Platforms

Provide authorized, low-cost or open-source DPP software that SMEs can easily use without high IT investment or subscription fees.

Collaboration on Pilot Projects

Support pilot DPP implementation projects in Indian clusters to test data systems, identify challenges, and create scalable models for other developing countries.





THANK YOU

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