

# TEXTILES AND APPAREL



August 2022

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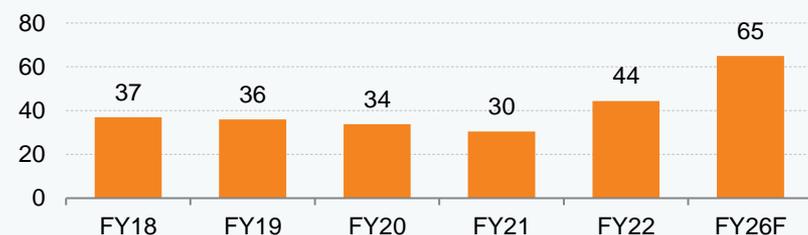
# Executive summary

- India is the world's second-largest producer of textiles and garments. It is also the sixth-largest exporter of textiles spanning apparel, home and technical products. India has a 4% share of the global trade in textiles and apparel.
- The textiles and apparel industry contribute 2.3% to the country's GDP, 13% to industrial production and 12% to exports.
- The textile industry has around 45 million of workers employed in the textiles sector, including 3.5 million handloom workers.
- India's textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY.
- Total textile exports are expected to reach US\$ 65 billion by FY26.
- The Indian textile and apparel industry is expected to grow at 10% CAGR from 2019-20 to reach US\$ 190 billion by 2025-26.
- The Indian apparel market stood at US\$ 40 billion in 2020 and is expected to reach US\$ 135 billion by 2025.
- The Rs. 10,683 crore (US\$ 1.44 billion) PLI scheme is expected to be a major boost for the textile manufacturers. The scheme proposes to incentivise MMF (man-made fibre) apparel, MMF fabrics and 10 segments of technical textiles products.

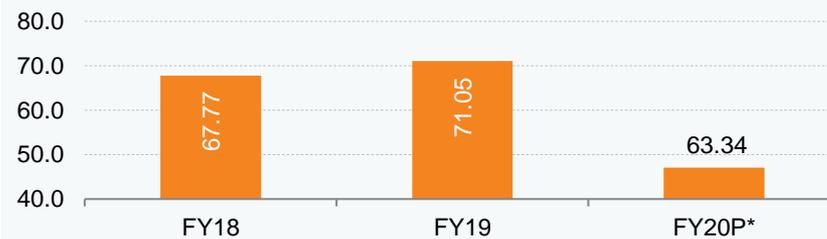
**Domestic textile and apparel industry in India (US\$ billion)**



**Textiles and apparel exports from India (US\$ billion)**



**Total cloth production in India (billion square meters)**



*Notes: F - Forecast, P - Provisional, \* - Until January 2020*

*Source: Ministry of Textiles, Make in India, Technopak, Annual Report on Indian textile and Apparel industry - Wazir Advisors*



# Advantage India

## 1. Competitive Advantage

- ▶ Abundant availability of raw materials such as cotton, wool, silk and jute.
- ▶ India enjoys a comparative advantage in terms of skilled manpower and in cost of production relative to other major textile producers.
- ▶ In July 2022, the Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution, and Textiles, Mr. Piyush Goyal, stated that the mantra of 5 F's - Farms to Fibre to Fabric to Fashion to Foreign export – will help make India a strong textile brand globally.

## 2. Policy Support

- ▶ 100% FDI (automatic route) is allowed in the Indian textile sector.
- ▶ Under Union Budget 2022-23, the total allocation for the textile sector was Rs. 12,382 crore (US\$ 1.62 billion). Out of this, Rs. 133.83 crore (US\$ 17.5 million) is for Textile Cluster Development Scheme, Rs. 100 crore (US\$ 13.07 million) for National Technical Textiles Mission, and Rs. 15 crore (US\$ 1.96 million) each for PM Mega Integrated Textile Region and Apparel parks scheme and the Production Linked Incentive Scheme.
- ▶ In October 2021, the government approved a PLI scheme worth Rs. 4,445 crore (US\$ 594.26 million) to establish seven integrated mega textile parks and boost textile manufacturing in the country.



## 4. Robust Demand

- ▶ The Indian technical textiles market is expected to expand to US\$ 23.3 billion by 2027, driven by increased awareness of goods and higher disposable incomes.
- ▶ Cotton production in India is projected to reach 7.2 million tonnes (~43 million bales of 170 kg each) by 2030, driven by increasing demand from consumers.
- ▶ Exports of readymade garments including cotton accessories stood at US\$ 6.19 billion in FY22.

## 3. Increasing Investments

- ▶ In order to attract private equity (PE) and employ more people, the government introduced various schemes such as the Scheme for Integrated Textile Parks (SITP), Technology Upgradation Fund Scheme (TUFS) and Mega Integrated Textile Region and Apparel (MITRA) Park scheme.
- ▶ Total FDI inflows in the textiles sector between April 2000-March 2022 stood at US\$ 3.99 billion.

Source: DPIIT, Bombay Stock Exchange



# Evolution of the Indian textile sector



- The first cotton textile mill of Mumbai was established in 1854.
- The first cotton mill of Ahmedabad was founded in 1861; it emerged as a rival centre to Mumbai.
- Number of mills increased from 178 in 1901 to 417 in 1945.
- Out of 423 textile mills of the undivided India, India received 409 after partition and the remaining 14 went to Pakistan.
- In 1999, TUFS was set up to provide easy access to capital for technological up gradation.
- TMC was launched to address issues related to low productivity and infrastructure.
- In 2000, NTP was announced for the overall development of the textile and apparel industry.
- SITP was implemented to facilitate setting up of textile units with appropriate support infrastructure.
- After MFA cotton prices are aligned with global prices.
- Technical textile industry will be a new growth avenue.
- Free trade agreement with ASEAN countries and proposed agreement with EU under discussion.
- Restructured TUFS was launched attracting a subsidy cap of US\$ 420.65 Million.
- Make in India campaign was launched to attract manufacturers and FDI.
- Technology Mission for Technical Textile has been continued.
- The Mega Integrated Textile Region and Apparel (MITRA) Park' scheme was launched to establish seven textile parks with state-of-the-art infrastructure, common utilities and R&D lab over a three-year period.

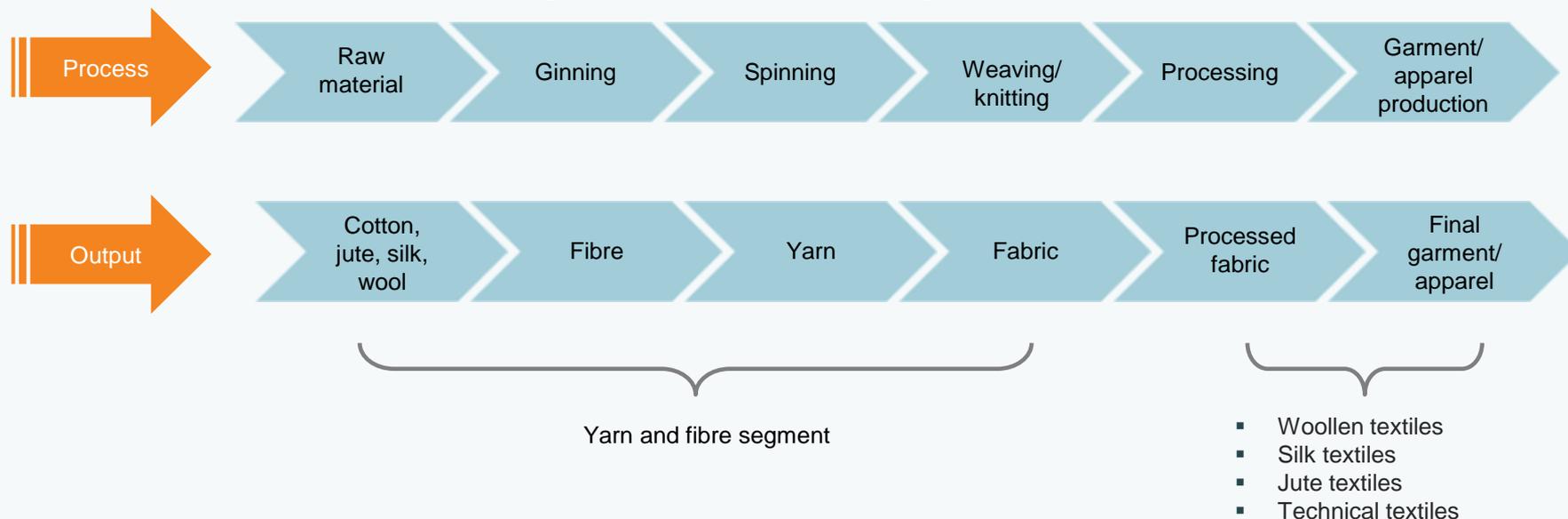
**Note:** NTP - National Textile Policy; ASEAN - Association of Southeast Asian Nations, TUFS - Technology Upgradation Fund Scheme; TMC Technology Mission on Cotton, EU - European Union

**Source:** Union Budget 2021-22, News Articles

# Key facts

- The fundamental strength of the textile industry in India is its strong production base of a wide range of fibre/yarns from natural fibres like cotton, jute, silk and wool to synthetic/man-made fibres like polyester, viscose, nylon and acrylic.
- India's textiles industry contributed 7% to the industry output (by value) in 2018-19.
- The Indian textiles and apparel industry contributed 2% to the GDP, 12% to export earnings and held 5% of the global trade in textiles and apparel in 2018-19.

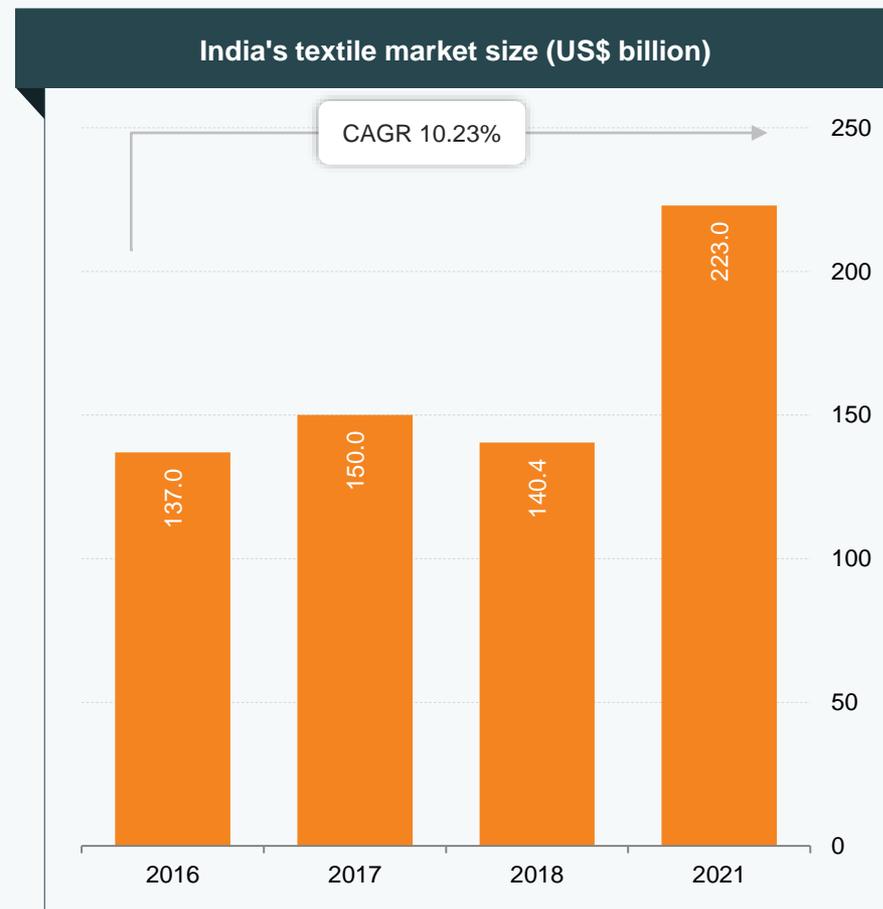
## Key segments of the textile industry



Source: Textile Ministry, Make in India

# The sector has been posting strong growth over the years

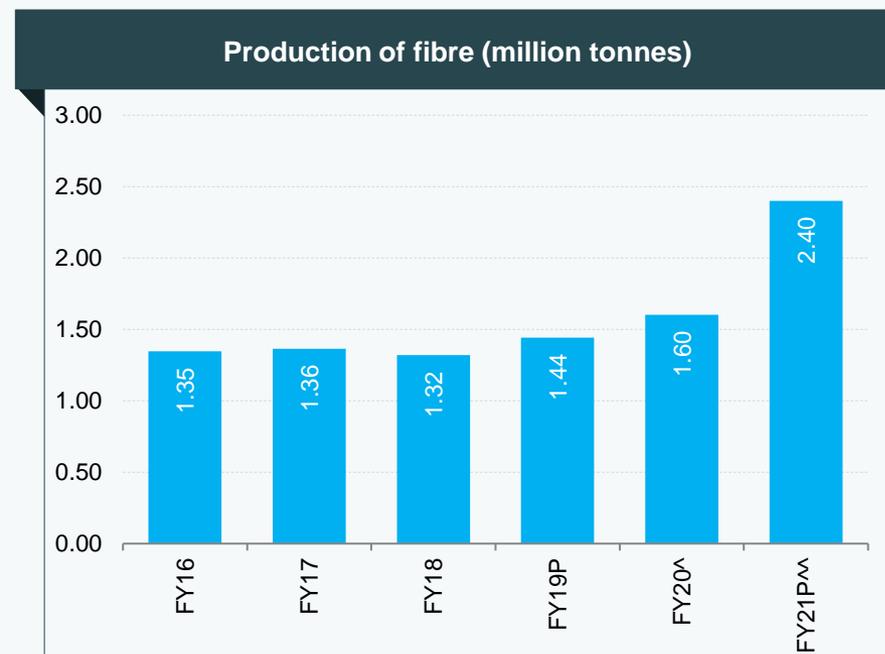
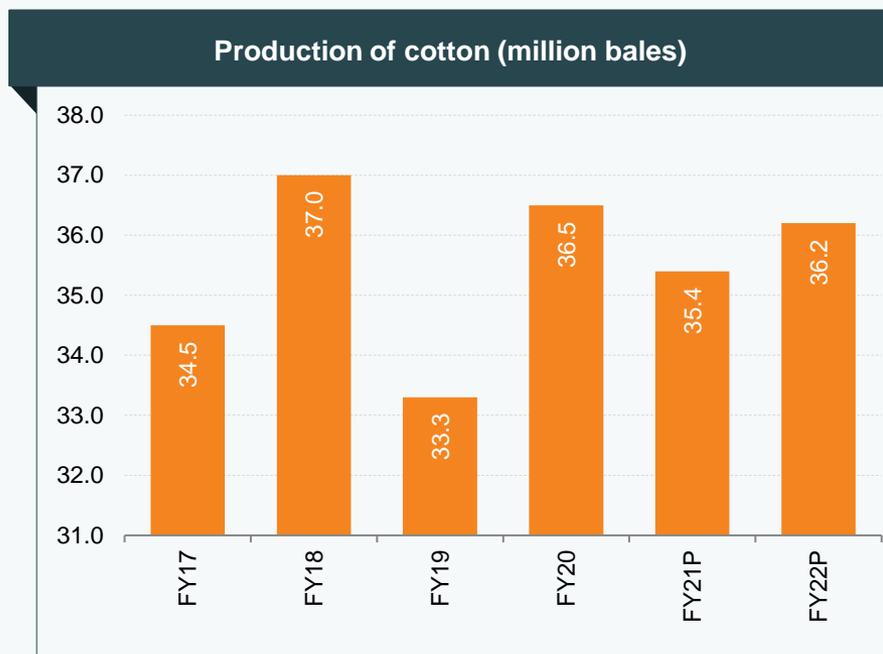
- The size of India's textile market stood at US\$ 223 billion in 2021, growing at a CAGR of 10.23% from 2016.
- The Indian textiles market is expected to be worth >US\$ 209 billion by 2029.
- India's textile and apparel exports to the US, its single largest market, stood at 27% of the total export value in FY22.
- In September 2022, the Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution, and Textiles, Mr. Piyush Goyal, advocated that India should take its textile exports to US\$ 100 billion by 2030, aided by the trade pacts with Australia and the UAE.
- In September 2021, the government approved a Rs. 10,683 crore (US\$ 1.44 billion) production-linked incentive (PLI) scheme for the textiles sector. This will benefit the textile manufacturers registered in India.
  - Incentives under the scheme will be available for five years from 2025-26 to 2029-30 on incremental turnover achieved from 2024-25 to 2028-29. The scheme proposes to incentivise MMF (man-made fibre) apparel, MMF fabrics and 10 segments of technical textiles products.



*Note: F - Forecasted*

*Source: Make in India, News Articles, Ministry of Textiles*

# Raw cotton and man-made fibre production increasing



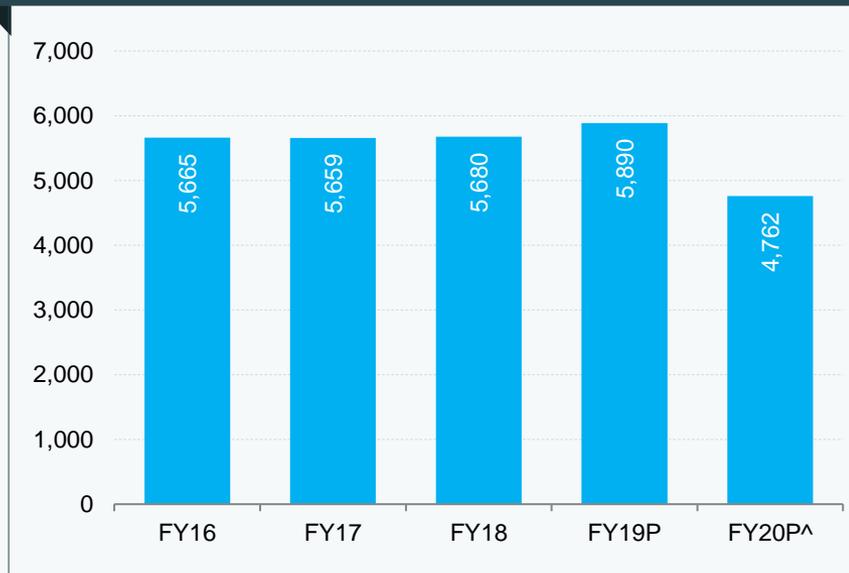
- India is the world's largest producer of cotton. Estimated production stood at 362.18 lakh bales during cotton season 2021-22.
- Domestic consumption for the 2021-22 cotton season is estimated to be at 338 lakh bales.
- Cotton and fibres are the two major segments in this category. Production of man-made fibre has also been on an upward trend.
- In FY19, the production of fibre in India stood at 1.44 million tonnes, which reached 2.40 million tonnes in FY21 (until January 2021).

**Note:** P - Provisional, ^ - April 2019-January 2020, ^^ - April 2020-January 2021, \*- Until January 2021

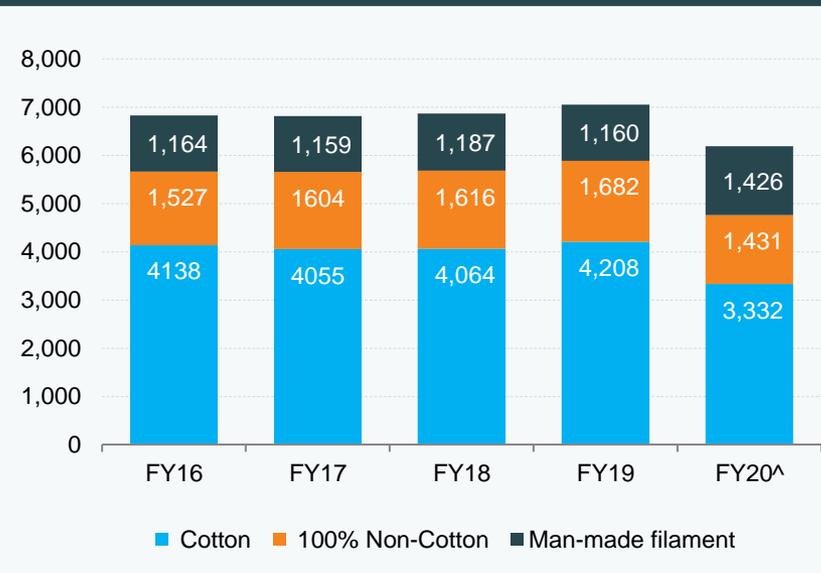
**Source:** The Cotton Corporation of India Ltd, BusinessLine, Department of Agriculture Cooperation & Farmers Welfare

# Cotton is the major segment in yarn and fabric

Production of yarn (million kgs)



Yarn Production (million square metre)

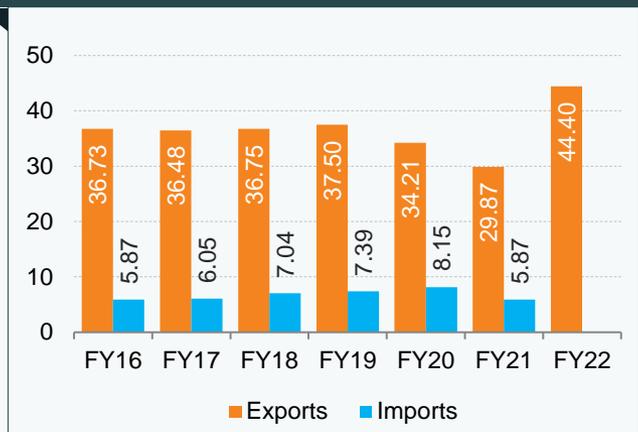


- Production of yarn grew to 5,890 million kgs in FY19 from 5,665 million kgs in FY16.
- Between April-October 2021, yarn worth Rs. 83.91 crore (US\$ 10.52 million) was exported from India.
- In March 2021, Natco Pharma announced its expansion into pheromone-based technology in order to provide Indian farmers with an integrated pest control solution. The company is planning to introduce its first green-label pheromone product to control 'pink bollworm' in cotton fields. For the pheromone-based mating disruption technology, its Crop Health Science (CHS) division will collaborate with ATGC Biotech Pvt. Ltd. (ATGC).

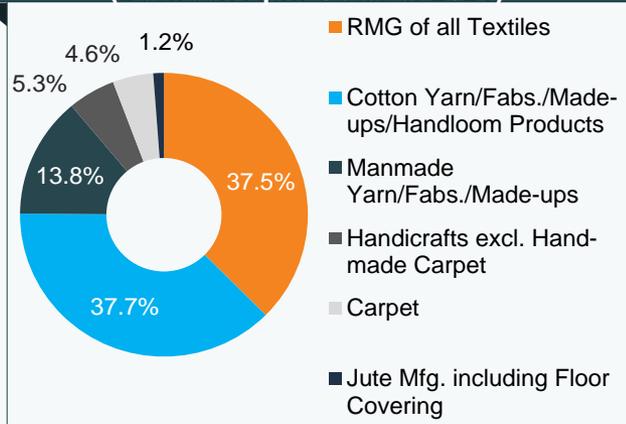
*Note: P - Provisional, ^ - Until January 2020*  
*Source: Ministry of Textiles*

# Export have posted strong growth over the years

India's textile trade (US\$ billion)



Share of India's textile exports  
(Between April-October 2021)



Textile Exports (Between April-October 2021)

Commodities	Value (US\$ million)
RMG of all Textiles	8,584.30
Cotton Yarn/Fabs./Made-ups/ Handloom Products	8,621.31
Manmade Yarn/Fabs./Made-ups	3,152.00
Handicrafts excl. Hand-made Carpet	1,222.87
Carpet	1,044.93
Jute Mfg. including Floor Covering	272.76

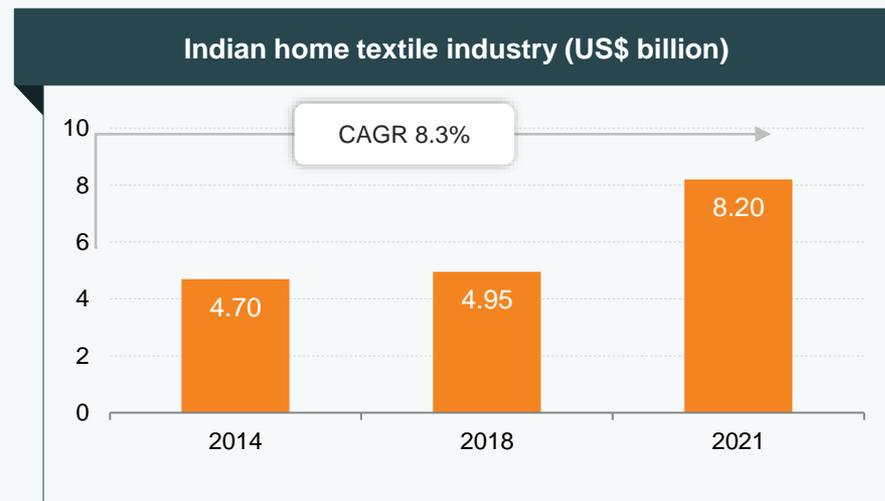
- Exports of textiles (RMG of all textiles, cotton yarns/fabs./made-ups/handloom products, man-made yarns/fabs./made-ups, handicrafts excl. handmade carpets, carpets and jute mfg. including floor coverings) stood at US\$ 44.4 billion in FY22.
- In April 2021, RSWM Limited, flagship company of the US\$ 1.2 billion LNJ Bhilwara Group, was recognised for achieving the highest textile export turnover in 2020 by the Ministry of Industries & CSR, Government of Rajasthan.
- In July 2021, the government extended the Rebate of State and Central Taxes and Levies (RoSCTL) scheme for exports of apparel/garments and made-ups until March 2021. This helped boost exports and enhance competitiveness in the labour-intensive textiles sector.
- In August 2021, Minister of Textiles, Commerce and Industry, Consumer Affairs, Food and Public Distribution, Mr. Piyush Goyal, said that steps need to be taken to boost production capacities of the handloom sector from existing Rs. 60,000 crore (US\$ 8.06 billion) to 125,000 crore (US\$ 16.80 billion) in three years. He added that target must be set to increase exports of handloom items from existing Rs. 2,500 crore (US\$ 335.92 million) to Rs. 10,000 crore (US\$ 1.34 billion). He also announced that a committee would be constituted consisting of all weavers, trainer equipment makers, marketing experts and other stake holders to recommend ways and means to achieve these objectives and enhance overall progress of the handloom sector.

**Note:** P - Provisional, RMG – Readymade Garments ;imports include textile yarn fabric and made-up articles; Exports include RMG of all textiles, cotton yarn/fabs./made-ups/handloom products, man-made yarn/fabs./made-ups, handicrafts excl. handmade carpets, carpets, jute mfg. including floor coverings

**Source:** Ministry of Textiles

# Home textiles racing on favourable economic conditions

- India's home textile industry expanded at a CAGR of 8.3% during 2014-21 and reached US\$ 8.2 billion in 2021 from US\$ 4.7 billion in 2014.
- India accounts for 4% of the global home textiles trade. The growth in home textiles is driven by growing household income, increasing population and growth of end use sectors like housing, hospitality, healthcare, etc.
- India's home textile exports increased at a healthy rate of 9% in FY21, despite the pandemic.
- Indian textile players have undertaken various initiatives to boost textile sales
  - In May 2021, Indo Count Industries Ltd. (ICIL), announced an investment of Rs. 200 crore (US\$ 26.9 million) to expand its production capacity.
  - For FY22, Welspun India has set aside Rs. 600 crore (US\$ 80.62 million) for capital expenditure to complete expansion projects in its flooring, advanced textile and home textile business verticals.
  - In April 2021, Bella Casa Fashion & Retail Ltd. (BCFRL), announced that it is expanding its two existing plants and adding one new facility to offer employment opportunities to 1,000 people. The expansion would involve a total investment of Rs. 65 crore (US\$ 8.63 million).



- Companies in home textile are using technology to optimise the value chain. For example, in October 2021, Welspun India introduced Wel-Trak 2.0—an upgraded, patented end-to-end traceability technology—to track textile raw materials throughout the supply chain.
- Home textile companies in India are also leveraging strategic partnerships to strengthen their business operations and foothold in the country.
- In October 2021, Welspun India collaborated with DuPont Biomaterials to introduce a home textile range and strengthen the company's sustainable textiles business.

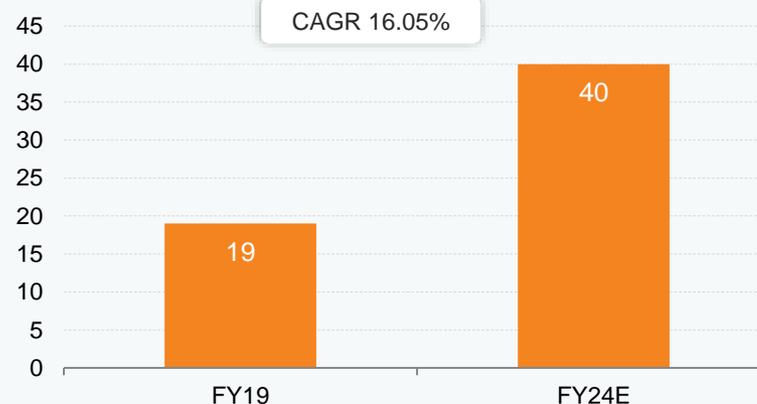
*Note: E - Estimates*

*Source: Ministry of Textiles, Welspun Presentation*

# Technical textile industry - a new arena of growth

- Technical textile industries major service offerings include thermal protection and blood-absorbing materials, seatbelts and adhesive tapes. Healthcare and infrastructure sectors are two major drivers of the technical textile industry.
- The Government has assigned 207 Harmonized System Nomenclature (HSN) to promote India's technical textile industry. As of November 2021, 377 technical textiles products were developed according to the Bureau of Indian Standards (BIS).
- Government introduced six additional courses for technical textiles in its skill development programme called Samarth.
- In 2022-23, the Sardar Vallabhbhai Patel International School of Textiles and Management (SVPISTM) is planning to offer B.Sc. And MBA courses in technical textiles.
- Exports for 207 technical textile items stood at Rs. 12,028.58 crore (US\$ 1.5 billion) between April-October, 2021.
- The Indian government has notified uniform GST rate at 12% on man-made fabrics (MMF), MMF yarns, MMF fabrics and apparel, which came into effect from January 1, 2022.
- In November 2021, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, stated the desire to target a 3-5x time increase in the export of technical textiles worth US\$ 10 billion over the next three years.

Technical Textile industry (US\$ billion)



- The production-linked incentive (PLI) scheme for man-made fibre and technical textiles will help boost manufacturing, increase exports and attract investments into the sector.
- In March 2022, the Ministry of Textiles, in collaboration with the Confederation of Indian Industries (CII), organized a day-long International Conference on Technical Textiles with the theme: Creating the Winning Leap in Technical Textiles.
- The Government of India has earmarked a corpus of Rs. 1,000 crore (US\$ 127.72 million) dedicated for research and development of the technical textiles sector.

*Note: SME - Small and Medium Enterprises, E - Estimates; Figures mentioned are as per latest data available*

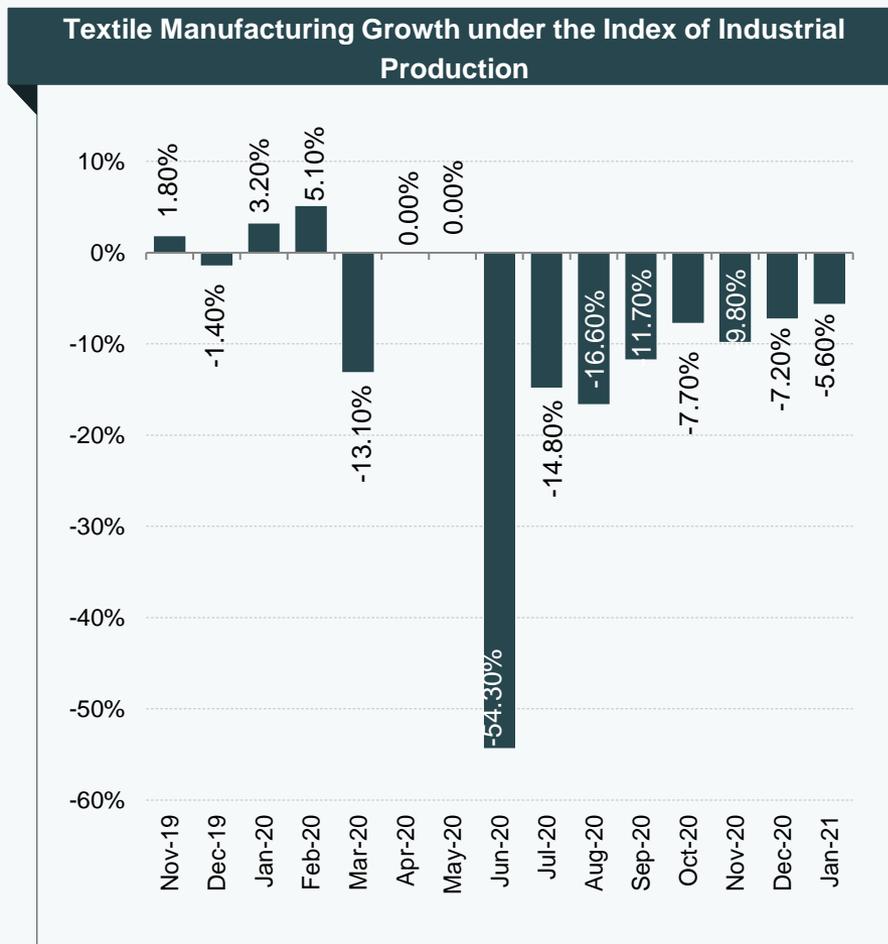
*Source: Chamber of Commerce, Indian Technical Textile Association, Baseline Survey*

# Recent Trends and Strategies



# Steady recovery in textile manufacturing to aid growth

- Textile manufacturing in India has been steadily recovering amid the pandemic.
- The seven mega textile parks announced in the Union Budget 2022-23 should attract investments.
- While the government is working towards upliftment of technical and MMF textile companies by upscaling its infrastructure, it is also interesting to note that textile will be added to the educational curriculum in the near future.
  - In April 2021, India's Ministry of Textiles announced that the National Institute of Fashion Technology (NIFT) will work towards introducing technical textiles as an academic subject in the near future.
- In June 2022, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, stated that the government has plans to come up with a second PLI scheme for the garments and textile sector because the first scheme received a great response.
- In September 2021, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, urged state governments to help businesses get land, power and other utilities at attractive rates to set up mega textile parks.



*Note: Index of Industrial Production (IIP) is a composite indicator of the changes in the volume of production in a chosen base period (say 2011-2012).*

*Source: Ministry of Statistics and Program Implementation*

# Notable trends in the Textiles sector... (1/5)

## 1

### Textile Parks

- Since 2014, 59 textile park projects have been sanctioned under SITP and PPP with 40% government assistance of up to Rs. 40 crore (US\$ 6 million). Of these, 24 textile parks are operational, as of July 2021.
- Under the Union Budget 2021-22, Minister of Finance and Corporate Affairs, Ms. Nirmala Sitharaman, launched a 'Mega Integrated Textile Region and Apparel (MITRA) Park' scheme to establish seven textile parks with state-of-the-art infrastructure, common utilities and R&D lab over a three-year period.
- In March 2022, the Bihar government submitted a proposal to the Ministry of Textiles to set up a mega hub under the PM Mitra Mega Textile Park.
- In March 2022, Tamil Nadu Chief Minister Mr. MK Stalin announced that the State Industries Promotion Corporation of Tamil Nadu Ltd (SIPCOT) will set up a mega textile park in the Virudhunagar district.

## 2

### Incubation in apparel manufacturing

- The objective here has been to promote entrepreneurs in apparel manufacturing by providing them an integrated workspace and reducing operational and financial cost for establishing and growing a new business.
- As of July 2019, three projects were sanctioned by the Government, one each in Madhya Pradesh, Odisha and Haryana.

*Source: Annual Reports, Company Presentations, News Articles*

# Notable trends in the Textiles sector... (2/5)

## 3

### Technical textiles

- Increased awareness of goods, higher disposable incomes, changing customer patterns and some sector-specific growth drivers are estimated to bolster the Indian technical textiles market to US\$ 23.3 billion in 2027, up from US\$ 14 billion in 2020 in the Asia-Pacific region.
- The technical textiles market for automotive textiles is projected to increase to US\$ 3.7 billion by 2027, from US\$ 2.4 billion in 2020. Similarly, the industrial textiles market is likely to increase at an 8% CAGR from US\$ 2 billion in 2020 to US\$ 3.3 billion in 2027.

## 4

### Public Private Partnership (PPP)

- The Ministry of Textiles commenced an initiative to establish institutes under PPP to encourage private sector participation in the development of the industry.
- In August 2021, Flipkart and Himachal Pradesh State Handicrafts and Handloom Corporation Ltd. (HPSHHCL) signed a memorandum of understanding (MoU) to help the state's master craftsmen, weavers and artisans showcase their hallmark products on e-commerce platforms.

## 5

### Promotion of khadi

- Khadi and Village Industries Commission (KVIC) achieved turnover of Rs. 1.15 lakh crore (US\$ 14.68 billion) in FY22, a growth of 20.54% YoY, and more than any Indian FMCG company managed in FY22.
- In May 2022, Minister of Micro, Small and Medium Enterprises, Mr. Narayan Rane, inaugurated the Center of Excellence for Khadi (CoEK) at NIFT, Delhi. In order to produce innovative fabrics and apparel that will meet the needs of both domestic and foreign consumers, the CoEK will seek to introduce the newest designs and adopt procedures that adhere to international standards.
- In November 2021, Mr. Federico Salas, the Mexican Ambassador to India, visited the Khadi India Pavilion at the India International Trade Fair 2021 and suggested that India and Mexico should come together to promote Khadi globally.

*Source: Annual Reports, Company Presentations, News Articles*

## Notable trends in the Textiles sector... (3/5)

### 6

#### Diversification

- Raymond group under its group company, J.K.Helene Curtis, is looking to ramp up male grooming segment by unleashing new variants of shampoos and deodorants.
- In October 2020, Aditya Birla Fashion and Retail Limited approved issuance of equity shares on a preferential basis to Flipkart Investments Private Limited aggregating to Rs. 1,500 crore (US\$ 203.66 million). The company also entered into a commercial agreement in relation to the sale and distribution of its various brands.

### 7

#### R&D

- Defence Research and Development Organisation (DRDO) is helping the Indian textile industry to produce yarns and eliminate dependence on import of Chinese and other foreign clothing for military uniforms.
- In October 2021, IIT Delhi converted the SMITA Research Lab Centre of Excellence in smart textiles to work on emerging materials and technologies; this step was taken to innovate the country's textile industry.
- On February 4, 2021, the South India Textile Research Association (SITRA) inaugurated a laboratory at the South India Spinners' Association (SISPA), in Coimbatore, to test cotton and yarn.

*Source: Annual Reports, Company Presentations, News Articles*

# Notable trends in the Textiles sector... (4/5)

## 8

### Focus on high growth domestic markets

- In June 2022, Minister of Textiles, Commerce & Industry and Consumer Affairs, Food & Public Distribution, Mr. Piyush Goyal, stated that the Indian government plans to establish 75 textile hubs similar to Tiruppur that would not only promote the export of textile products and assure the use of sustainable technologies, but also create a significant amount of job possibilities.
- The Government of India has increased the basic custom duty to 20% from 10% on 501 textile products to boost Make in India and indigenous production.
- Gorakhpur is on track to become a major garment manufacturing centre, boosting the economy in eastern Uttar Pradesh. The Gorakhpur Industrial Development Authority (GIDA) will provide four acres of land for construction of a flattened factory and will enable accessible to entrepreneurs.

## 9

### Focus on backward integration

- On July 17, 2020, the Khadi and Village Industries Commission (KVIC) inaugurated the first-of-its-kind footwear training center in Delhi to train the marginalized community of leather artisans.
- In August 2019, the Ministry of Textiles signed MoUs with 16 state governments to impart skill training which covered the entire value chain of the textiles sector except spinning and weaving.

## 10

### Focus on forward integration

- In October 2019, Asahi Songwon Colors Limited entered into a joint venture (JV) with Tennants Textile Colours (TTC) Limited to set up a state-of-the-art red and yellow pigments plant.
- On July 10, 2020, Flipkart Group bought a minority stake in Arvind Youth Brands, a subsidiary of Arvind Fashions Ltd. (AFL), for Rs. 260 crore (US\$ 36.88 million).

*Source: Annual Reports, Company Presentations, News Articles*

## 11

### Scaling-up organic cotton industry

- Despite being the world's largest producer of cotton, only 2% of the total amount of cotton produced in India is organic.
- In March 2021, Inditex partnered with DBS Bank in Singapore to launch a pilot programme, which would finance >2,000 Indian farmers to grow/produce organic cotton. DBS will leverage the network of local Farmer Producer Organisations (FPOs) to reach >2,000 farmers in Inditex's supply chain to evaluate their financing needs.

## 12

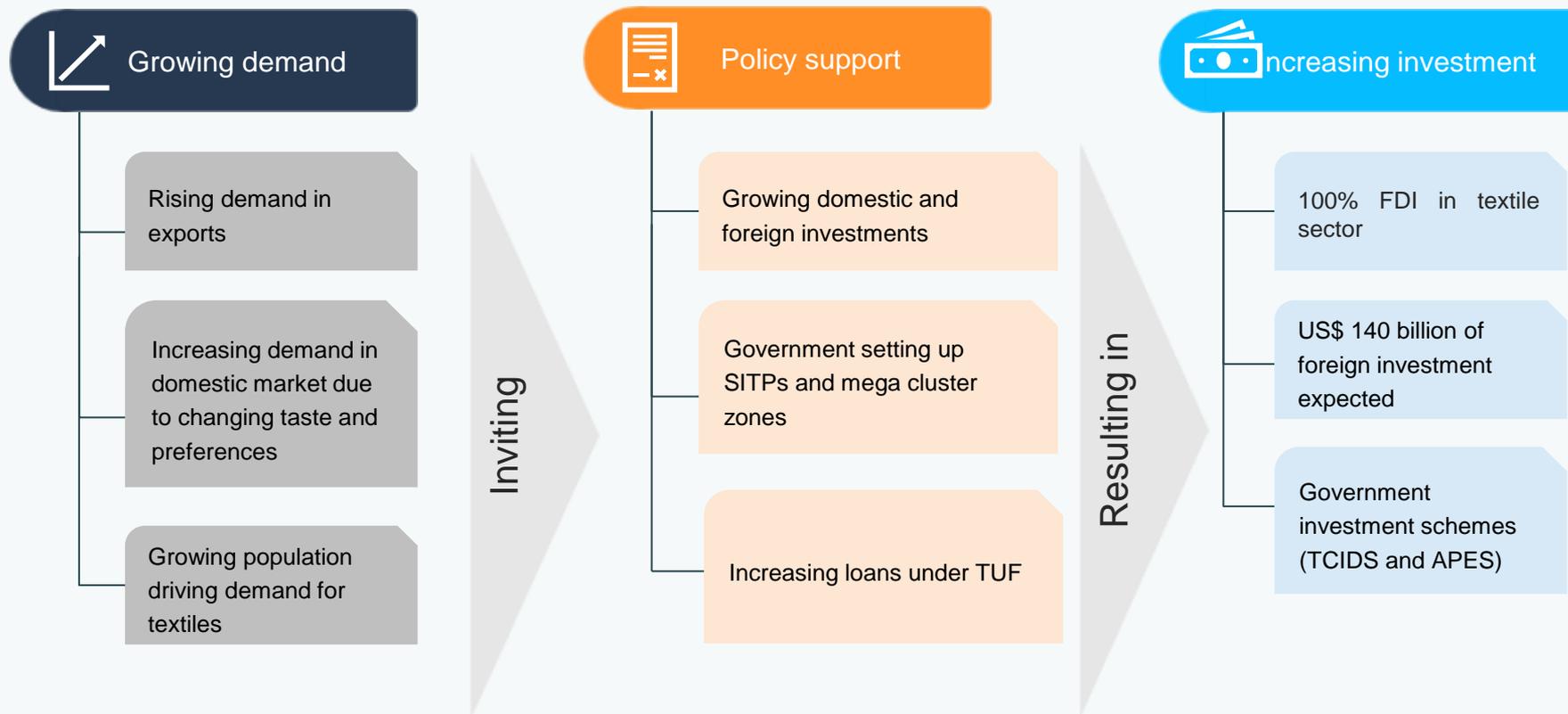
### Innovations to create sustainable textiles

- The Sustainable Textiles for Sustainable Development (SusTex) project by the United Nations Climate Change entity enhances the employment and working circumstances of textile artisans while promoting the sustainable production and use of environmentally friendly textiles.
- Many Indian textile players are now opting for sustainable production. BRFL Textiles Private Limited (BTPL), India's largest fabric processing facility, has introduced a new sulphur dyeing process involving continuous dyeing without requiring water. BTPL is the first company in the textile sector to implement this new process of dyeing, making it the pioneer of this innovative sustainable process.
- Sangam India Ltd, one of the foremost producers in PV dyed yarn, cotton and OE yarn and also ready to stitch fabric, has installed two solar power plants of 5 MW that on average helps them to bring down their carbon footprint by at least 20% per annum. SIL also plans to increase the use of recycled fibre, leading to lesser consumption of plastic waste by using it as a raw material.

*Source: Annual Reports, Company Presentations, News Articles*



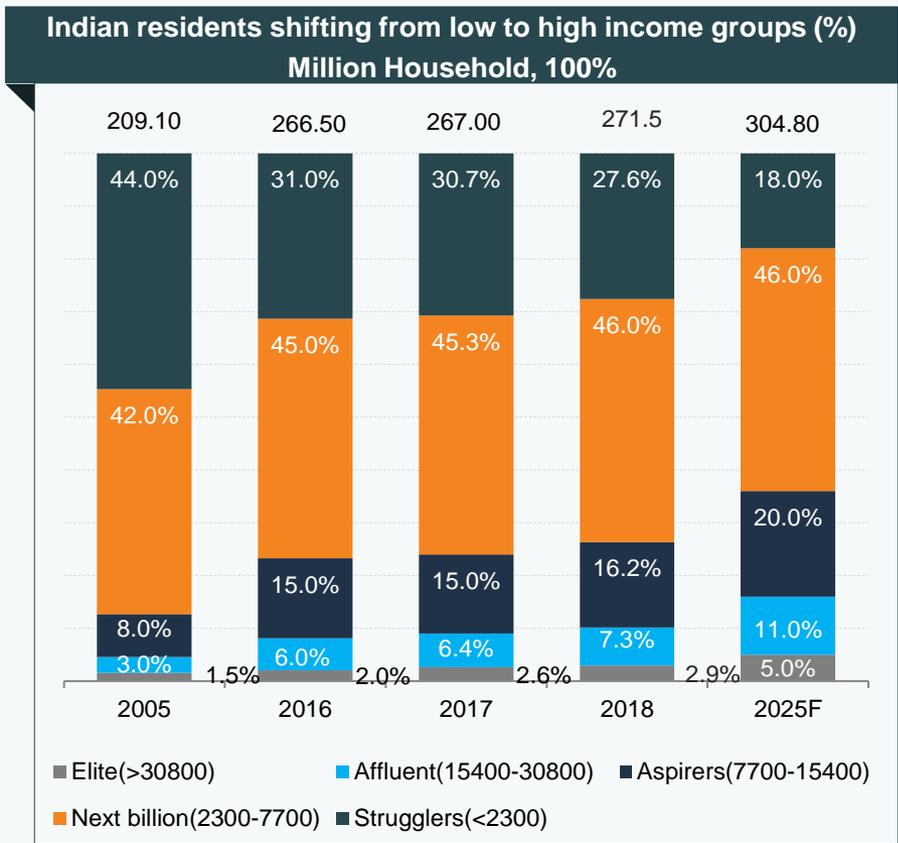
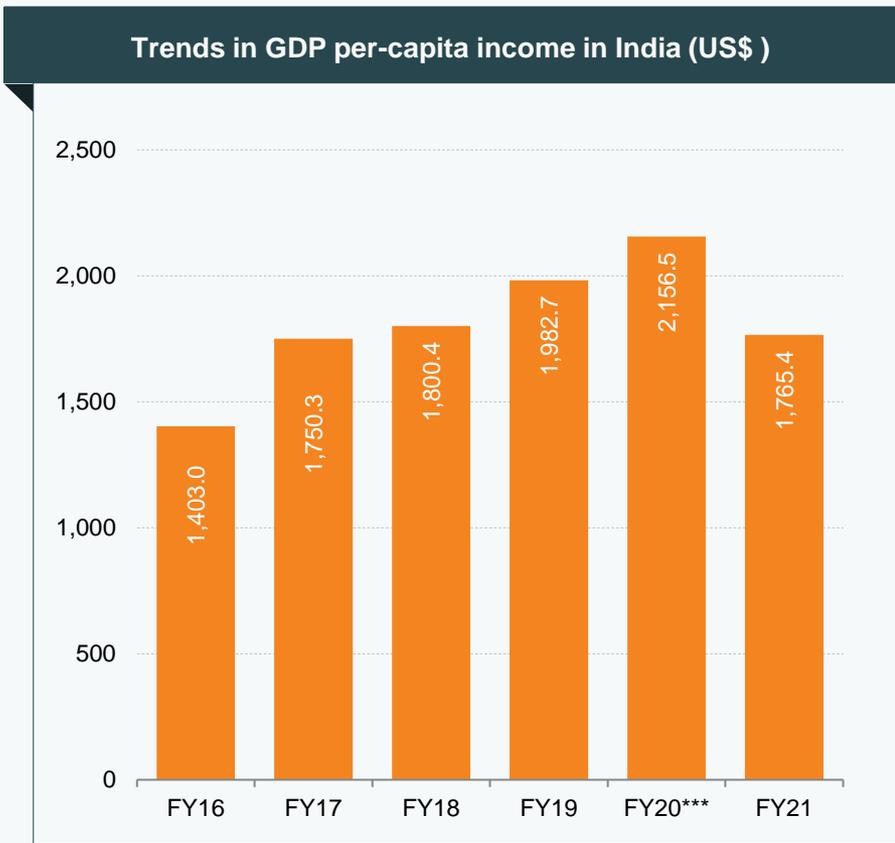
# Strong fundamentals and policy support aiding growth



**Note:** TCIDS - Textile Center Infrastructure Development Scheme, APES - Apparel Park for Exports Scheme

**Source:** Ministry of Textiles

# Rising incomes and a growing middle-class drive the demand



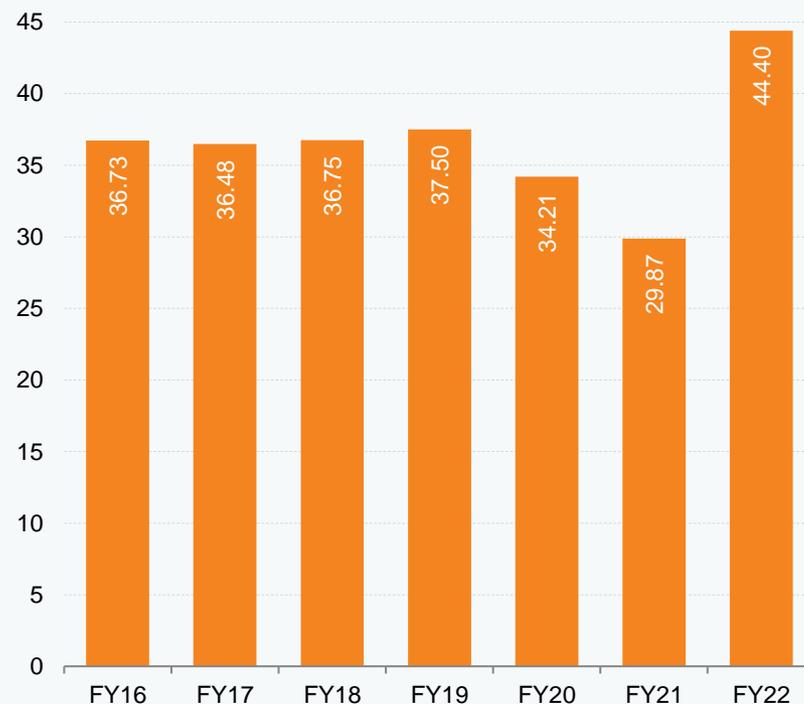
- Rising income has been a key determinant of domestic demand for the sector; with income rising in the rural economy as well. The upward push on demand from rising income is set to continue.
- Rising industrial activity would support the growth in per capita income.

Source: IMF, Mckinsey Global Institute; \*\*\*- 1st Advance Estimate

# Exporters gaining from strong global demand

- India is the world's second-largest textile exporter. Capacity built over years has led to low cost of production per unit in India's textile industry. This has lent a strong competitive advantage to the country's textile exporters over key global peers.
- Textile exports reached US\$ 44.4 billion in FY22, a 41% YoY growth.
- In the coming decade, Africa and Latin America could very well turn out to be the key markets for Indian textiles.
- In April 2022, Minister of Commerce and Industry, Consumer Affairs, Food and Public Distribution and Textiles, Mr. Piyush Goyal, said that new Economic Cooperation and Trade Agreements with Australia and the UAE would open infinite opportunities for textiles and handloom. Indian textile exports to Australia and the UAE would now face zero duties, and he expressed confidence that soon Europe, Canada, the UK and GCC countries would also welcome Indian textile exports at zero duty.
- In March 2021, the Ministry of Textiles favoured limited deal for the India-UK free trade agreement that could boost the garments sector. Under the proposed trade agreement, the Textile Ministry expects more market access for the Indian textiles and clothing sector in order to achieve its full potential.

**Growing textile and clothing exports from India**  
(US\$ billion)



*FY20, FY21, FY22 exports include textile yarn fabric, made-up articles; exports include RMG of all textiles, cotton yarn/fabs./made-ups/handloom products, man-made yarn/fabs./made-ups, handicrafts excl. handmade carpets, carpets, jute mfg. including floor coverings*

Source: Ministry of Textiles, Budget 2019-20, News Articles

# Textile SEZs in India

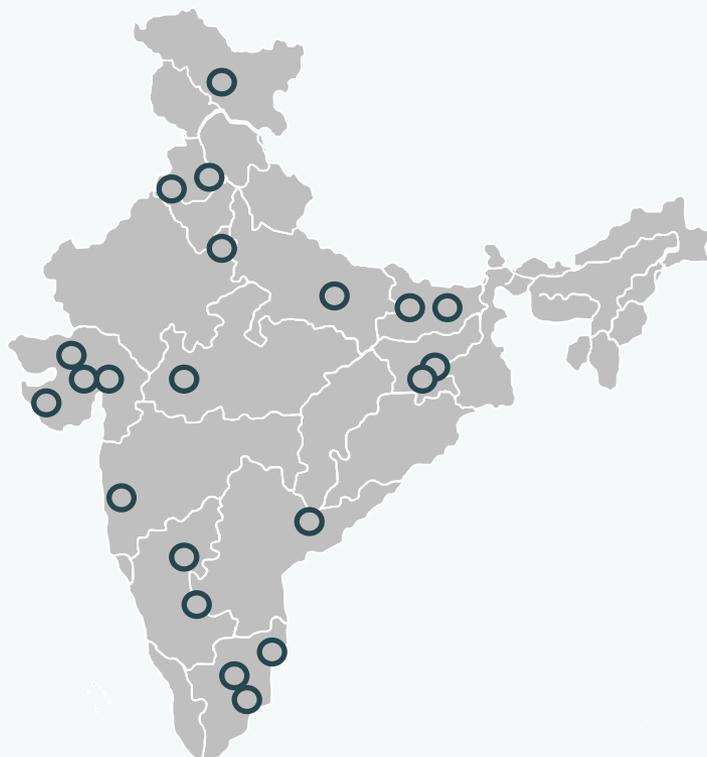
- As of September 30, 2020, India had seven exporting SEZs for textiles, apparel and wool.

Name of SEZ and status	State	Area (hectares)	Sector	Details
Mahindra City SEZ (Functional)	Tamil Nadu	607.1	Apparel and fashion accessories	Mahindra City is India's first integrated business city, divided into business and lifestyle zones. It is a cluster of 3 sector specific SEZs in Tamil Nadu, for apparels and fashion accessories; IT and hardware; and auto ancillary. The business zone provides plug-n-play working spaces. This zone comprises a SEZ (primarily for exporters) and Domestic Tariff Area (DTA) for companies targeting domestic market.
Surat Apparel Park (Functional)	Gujarat	56.0	Textiles	Key industrial units include Safari Exports, Venus Garments, Benchmark Clothings, P. K. International, Tormal Prints, J.R. Fashion and Ganga Export.
Brandix India Apparel City (BIAC) (Functional)	Andhra Pradesh	404.7	Textiles	BIAC is an integrated apparel supply chain city, managed by Brandix Lanka Ltd. It aims to be a end-to-end apparel solution provider.
(KIADB) (Functional)	Karnataka	16,129.0	Several sectors	Karnataka Industrial Areas Development Board (KIADB) is a wholly owned infrastructure agency of Government of Karnataka. Till date, KIADB has formed 132 industrial areas spread all over the state.

*Note: SEZ - Special Economic Zone*  
*Source: SEZ India, invest.com,*

# Key textiles and apparel zones in India

- **North:** Kashmir, Ludhiana and Panipat account for 80% of woollens in India



- **West:** Ahmedabad, Mumbai, Surat, Rajkot, Indore and Vadodara are key places for the cotton industry

- **East:** Bihar for jute, parts of Uttar Pradesh for woollen and Bengal for cotton and jute industry

- **South:** Tirupur, Coimbatore and Madurai for hosiery.
- Bengaluru, Mysore and Chennai for silk

○ Major textile and apparel zones

*Note: As Per Latest Available Information*  
*Source: Sutherland Research*

# Policy support has been a key ingredient to growth... (1/4)

## Amended Technology Up-gradation Fund Scheme (A-TUFS)

- The government allocated funds worth Rs. 17,822 crore (US\$ 2.38 billion) between FY16 and FY22 for the 'Amended Technology Up-gradation Fund Scheme' (A-TUFS) to boost the Indian textile industry and enable ease of doing business.

## National Textile Policy - 2000

- Key areas of focus include technological upgrades, enhancement of productivity, product diversification and financing arrangements.
- New draft for this policy ensures that 35 million people get employment by attracting foreign investment. It also focuses on establishing a modern apparel garment manufacturing centre in every state in the Northeast for which the Government has invested an amount of US\$ 3.27 million.

## FDI

- Foreign direct investment (FDI) of up to 100% is allowed in the textile sector through the automatic route.

## SAATHI Scheme

- The Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd. (EESL), has launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the power loom sector of India.

## Merchandise Exports from India Scheme

- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of textiles Industry - readymade garments and made-ups - from 2% to 4%.

Source: Press Releases

# Policy support has been a key ingredient to growth... (2/4)

## Scheme for Capacity Building in Textiles Sector (SCBTS)

- The Cabinet Committee on Economic Affairs (CCEA), Government of India, has approved a new skill development scheme called 'Scheme for Capacity Building in Textile Sector (SCBTS)' with an outlay of Rs. 1,300 crore (US\$ 202.9 million) from FY18-20.
- The scheme is aimed at providing a demand driven and placement-oriented skilling programme to create jobs in the organised textile sector and to promote skilling and skill upgradation in the traditional sectors.

## Government Incentives

- For export of handloom products globally, the Handloom Export Promotion Council (HEPC) is participating in various international fairs/events with handloom exporters/weavers to sell their handloom products in the international markets under NHDP.
- The Ministry of Textiles has also been implementing Handloom Marketing Assistance (HMA), a component of National Handloom Development Programme (NHDP) all across India. HMA provides a marketing platform to the handloom weavers/agencies to sell their products directly to the consumers, and develop and promote the marketing channel through organizing expos/events in domestic as well as export markets.
- In August 2021, Minister of Petroleum & Natural Gas and Labor & Employment, Mr. Rameswar Teli, launched ONGC-supported Assam handloom project 'Ujjwal Abahan' through the virtual platform. The project will support and train >100 artisans of Bhatiapar of Sivasagar, Assam in Hathkharga handicraft.
- In October 2021, the Ministry of Textiles approved continuation of the comprehensive handicrafts cluster development scheme with a total outlay of Rs. 160 crore (US\$ 21.39 million). Through this scheme, the government aims to support domestic SMEs and local artisans.

# Policy support has been a key ingredient to growth... (3/4)

## Textile Incentives

- The Textile Ministry of India earmarked Rs. 690 crore (US\$ 106.58 million) for setting up 21 readymade garment manufacturing units in seven states for development and modernisation of the Indian textile sector.

## SAMARTH

- In 2019, Ministry of Textiles signed a pact with sixteen states for skilling around 400,000 workers under the SAMARTH scheme.
- In June 2022, the Kerala government announced that it would provide free training to 1,975 candidates under the SAMARTH scheme of the textile industry.
- In October 2021, the government introduced SAMARTH training at 75 training centers across the country to accelerate the scheme's coverage among artisans.

## Production-Linked Incentive Scheme

- Under this scheme, incentives will be provided to manufacture and export specific textile products made of man-made fibres.
- The government approved Rs. 10,683 crore (US\$ 1.44 billion) for man-made fibre and technical textiles.

## Mega Integrated Textile Region and Apparel (MITRA) Parks Scheme

- Under the Union Budget 2021-22, Minister of Finance and Corporate Affairs, Ms. Nirmala Sitharaman launched a Mega Integrated Textile Region and Apparel (MITRA) Park scheme to establish seven textile parks with state-of-the-art infrastructure, common utilities and R&D lab over a three-year period.
  - Under Union Budget 2021-22, the Telangana government has been allocated funds for setting up the Kakatiya Mega Textile Park (KMTP) at an estimated cost of Rs. 1,552 crore (US\$ 212 million).
  - On March 3, 2021, the Gujarat government announced to set up two mega textile parks to enable forward and backward integration in the sector.

Source: Press Releases

# Policy support has been a key ingredient to growth... (4/4)

## Government Announcements

- In June 2022, Amazon India signed a MoU with the Manipur Handloom & Handicrafts Development Corporation Limited (MHHDC), a Government of Manipur entity, to encourage the development of weavers and artisans throughout the state.
- Through the Digital India Corporation and the Ministry of Electronics and Information Technology, the Ministry of Textiles is creating an e-commerce platform to offer direct marketing opportunities to the handicraft artists and weavers. In the first phase, artisans/weavers from 205 handicrafts/handlooms clusters are being selected throughout the country for uploading their handicrafts/handlooms products on the portal.
- In November 2021, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, announced a mega handloom cluster in Manipur and a handloom and handicraft village at Moirang in Bishnupur. The mega cluster will be set up at an estimated cost of Rs. 30 crore (US\$ 4.03 million) under the National Handloom Development Programme (NHDP).
- In October 2021, Minister for Commerce and Industry, Textiles, Consumer Affairs, Food & Public Distribution, Mr. Piyush Goyal, announced the creation of 100 textile machinery champions in the country and to promote it in the global market. Through this, the government aims to make India a global player in textiles machinery.

## Government e-Marketplace

- To support the handloom and handicrafts sector, the government has taken steps to onboard weavers/artisans on Government e-Marketplace (GeM), provide a wider market and enable them to sell products directly to various government departments and organisations.
- As of June 30, 2021, 1.77 lakh weavers/artisans/handloom entities have been registered on the GeM portal.

## Weavers MUDRA Scheme

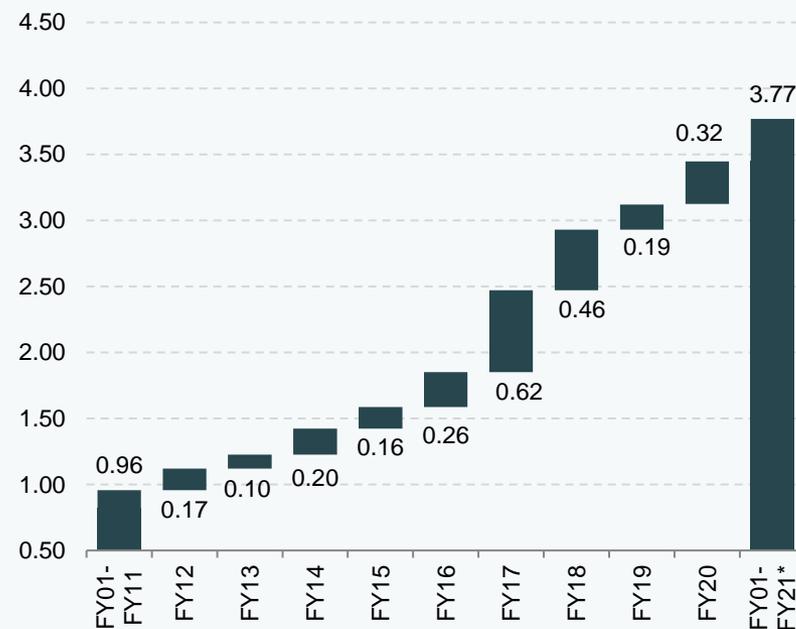
- To support the handloom weavers/weaver entrepreneurs, the Weavers MUDRA Scheme was launched to provide margin money assistance at 20% of the loan amount subject to a maximum of Rs. 10,000 (US\$ 127.72) per weaver. The loan is provided at an interest rate of 6% with credit guarantee of three years.

Source: Press Releases

# Foreign investment flowing into the sector

- 100% FDI is permitted in the sector. Cumulative FDI inflows in the textiles sector (including dyed and printed textiles) stood at US\$ 3.99 billion between April 2000-March 2022.
- The textiles industry in India is experiencing a significant increase in collaboration between global majors and domestic companies.
- International apparel giants like Hugo Boss, Liz Claiborne, Diesel and Kanz have already started operations in India.
- In April 2021, South Korea's textile major Youngone announced that it will start its operations within six months at Kakatiya Mega Textile Park in Warangal, providing employment to 12,000 people in the region.

**FDI in textiles (including dyed, printed) sector (US\$ billion)**



*Note:*, Textiles sector FDI includes Dyed and Printed, FDI - Foreign Direct Investment. \*- Until December 2020  
**Source:** Ministry of Commerce and Industry, DPIIT

# M&A activity up in the sector

- M&A activity in the sector has been picking up pace over the years. Some of the major M&A deals are listed below:

## Prominent M&A deals

Date	Acquirer name	Target name	Deal size (US\$ million)
October 2021	Reliance Retail Ventures Limited (RRVL)	Ritika Pvt. Ltd.	NA
October 2021	Welspun India	Easygo Textiles Private Limited (ETPL)	0.014 Rs. 10.68 lakh
July 2021	Reliance Industries Ltd.	Portico (home styling brand of Creative Group)	NA
September 2020	Reliance Industries Ltd.	Future Group (Consumer Business)	3,400
February 2020	Reliance Industries Ltd.	Alok Industries	35.47
June 2019	Aditya Birla Fashion and Retail Ltd. (ABFRL)	Jaypore E-Commerce Pvt Ltd.	15.74
March 2019	Reliance Industries Ltd.	(ITC) John Players	21.79
March 2019	Grasim Industries Ltd.	Soktas India Pvt Ltd (SIPL)	22.87
July 2018	Future Lifestyle	Koovs (29.9% Stake)	19.40
November 2017	Donear Industries Limited	OCM Woolen Mills	NA
October 2017	Sutlej Textiles and Industries Ltd. (STIL)	Design, sales and distribution (DS&D) business and brand of American Silk Mills (ASM) LLC	NA
July 2017	Advent International	Dixcy Textiles Pvt Ltd.	NA
April 2017	Myntra	InLogg	NA
February 2017	Saks and Company	Aditya Birla Group	NA
January 2017	Soch	L Catterton, Westbridge and CX Partners	200

Source: M&A, Thompson ONE Banker, Grant Thornton, CMIE

# Opportunities



## 1

### Immense growth potential

- The Indian textile industry is set for strong growth, buoyed by both strong domestic consumption as well as export demand.
- The textile and apparel industry is expected to grow to US\$ 190 billion by FY26.
- In October 2021, the government announced the target to achieve US\$ 100 billion from India's textile exports in the next five years.
- Urbanisation is expected to support higher growth due to change in fashion and trends.

## 2

### Silk production

- The Central Silk Board sets target for raw silk production and encourages farmers and private players to grow silk. To achieve these targets, alliances with the private sector, especially agro-based industries in pre-cocoon and post-cocoon segments, are encouraged.
- The total raw silk production stood at 33,000 MT in FY21.

## 3

### Bilateral relations

- In October 2021, the Ministry of Textiles and GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit) signed an MoU to implement the 'Indo German Technical Cooperation' project. The project aims to increase the value addition from sustainable cotton production in the country.
- In March 2021, Pakistan approved reinstatement of cotton and sugar imports from India, indicating softening of bilateral relations.

Source: News Articles

## 4

### Proposed FDI in multi-brand retail

- For the textile industry, the proposed hike in FDI limit in multi-brand retail will bring in more players, thereby providing more options to consumers.
- It will also bring in greater investment along the entire value chain - from agricultural production to final manufactured goods.
- With global retail brands assured of a domestic foothold, outsourcing will also rise significantly.

## 5

### Union Budget 2022-23

- Under the Union Budget 2022-23, the government has allocated:
  - Rs. 12,382 crore (US\$ 1.62 billion) to the Ministry of Textiles.
  - Rs. 133.83 crore (US\$ 17.53 million) to the Textile Cluster Development Scheme.
  - Rs. 478.83 crore (US\$ 62.73 million) for Research and Capacity Building in textiles.
  - Rs. 100 crore (US\$ 13.07 million) for National Technical Textiles Mission.

## 6

### Centers of Excellence (CoE) for research and technical training

- The CoEs are aimed at creating testing and evaluation facilities as well as developing resource centres and training facilities.
- Existing 4 CoEs, BTRA for Geotech, SITRA for Meditech, NITRA for Protech and SASMIRA for Agrotech, would be upgraded in terms of development of incubation centres and support for development of prototypes.
- Fund support would be provided for appointing experts to develop these facilities.

## 7

### Foreign investments

- The Government is taking initiatives to attract foreign investment in the textile sector through promotional visits to countries such as Japan, Germany, Italy and France.
- According to the new Draft of the National Textile Policy, the Government is planning to attract foreign investment and creating employment opportunities for 35 million people.
- In December 2019, online clothing brand Henry & Smith raised US\$ 1 million from WEH Ventures and Rukam Capital.
- India can become the one-stop sourcing destination for companies from Association of Southeast Asian Nations (ASEAN) as there exist several opportunities for textile manufacturing companies from 10-nation bloc to invest in India.

**Notes:** BTRA - The Bombay Textile Research Association, SITRA - South India Textile Research Association, NITRA - Northern India Textile Research Association, SASMIRA - Synthetic and Art Silk Mills Research Association

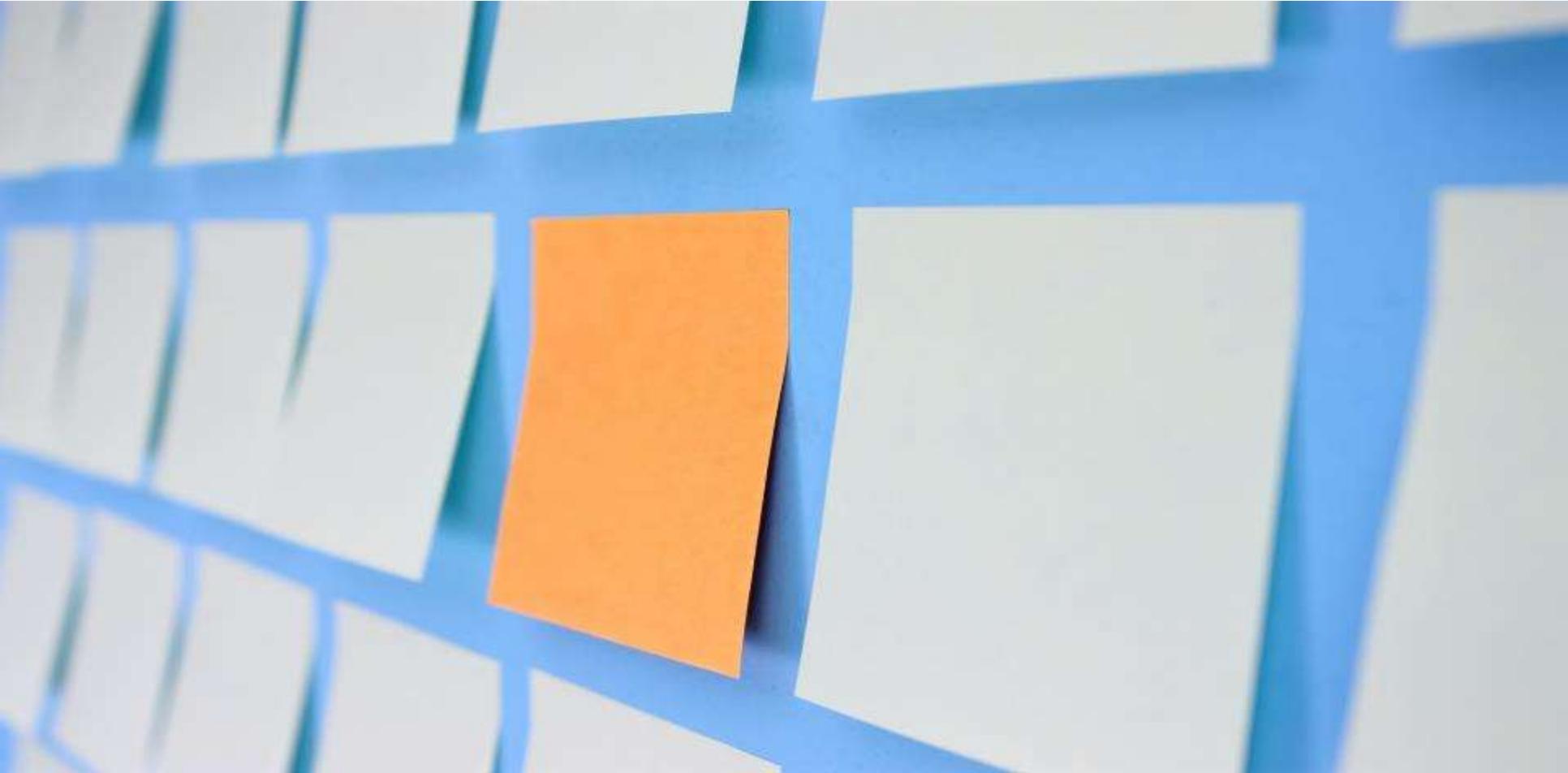
**Source:** Department for Promotion of Industry and Internal Trade (DPIIT)

# Key Industry Contacts



# Key industry contacts

	Agency	Contact Information
 <p><b>The Textile Association (India)</b> Founded in 1929</p>	<p>The Textile Association (India) (TAI)</p>	<p>Address: 72-A, Santosh, Dr M B Raut Road, Shivaji Park, Dadar, Mumbai- 400 028 Telefax: 91 22 24461145 E-mail: <a href="mailto:taicnt@gmail.com">taicnt@gmail.com</a> Website: <a href="http://www.textileassociationindia.org">www.textileassociationindia.org</a></p>
 <p><b>TEXPROCIL</b> THE COTTON TEXTILES EXPORT PROMOTION COUNCIL (Sponsored By Government of India) ESTABLISHED - 1959</p>	<p>The Cotton Textiles Export Promotion Council (TEXPROCIL)</p>	<p>Address: Engineering Centre, 5th Floor, 9 Mathew Road, Mumbai 400 004 Phone: 91 22 2363 2910 to 12 / 49444000 Fax: 91 22 2363 2914 E-mail: <a href="mailto:info@texprocil.org">info@texprocil.org</a> Website: <a href="http://www.texprocil.org">www.texprocil.org</a></p>
 <p><b>Northern India Textile Mills' Association</b> (NITMA)</p>	<p>Northern India Textile Mills' Association (NITMA)</p>	<p>Address: PHD House, Sector 31-A, Chandigarh Phone: 91 8146400264, +91 7087412828 E-mail: <a href="mailto:nitma@vsnl.net">nitma@vsnl.net</a> , <a href="mailto:nitma@airtelmail.in">nitma@airtelmail.in</a> Website: <a href="http://www.nitma.org">www.nitma.org</a></p>
 <p><b>SITRA</b> Service for Excellence</p>	<p>The South India Textile Research Association (SITRA)</p>	<p>Address: 13/37, Avanashi Road, Coimbatore - 641 014, Tamil Nadu Phone: 91 422 2574367, 6544188, 4215333 Fax: 91 422 2571896, 4215300 E-mail: <a href="mailto:sitraindia@dataone.in">sitraindia@dataone.in</a> Website: <a href="http://www.sitra.org.in">www.sitra.org.in</a></p>



# Glossary

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- BTRA: Bombay Textile Research Association
- CAGR: Compound Annual Growth Rate
- FDI: Foreign Direct Investment
- FY: Indian Financial Year (April to March)
- GOI: Government of India
- Rs.: Indian Rupee
- NITRA: Northern India Textile Research Association
- NTC: National Textiles Corporation
- NTP: National Textile Policy SASMIRA: Synthetic and Art Silk Mills Research Association
- TUFS: Technology Upgradation Fund Scheme
- TMC: Technology Mission on Cotton
- US\$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

# Exchange rates

## Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.20
2021-22	74.42

## Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021	73.93
2022*	76.73

**Note:** \*- As on August 2022

**Source:** Foreign Exchange Dealers' Association of India

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