

A
BRIEF REPORT
ON
TEXTILE INDUSTRY IN INDIA
May, 2014



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1. OVERVIEW OF INDIAN TEXTILE INDUSTRY

1.1 Background

India Textile Industry is one of the leading textile industries in the world. Though it was predominantly unorganized industry even a few years back, but the scenario started changing after the economic liberalization of Indian economy in 1991. The opening up of economy gave the much-needed thrust to the Indian textile industry, which has now successfully become one of the largest in the world.

India textile industry largely depends upon the textile manufacturing and export. It also plays a major role in the economy of the country. India earns about 27% of its total foreign exchange through textile exports. Further, the textile industry of India also contributes nearly 14% of the total industrial production of the country. It also contributes around 3% to the GDP of the country. India textile industry is also the largest in the country in terms of employment generation. It not only generates jobs in its own industry, but also opens up scopes for the other ancillary sectors. India textile industry currently generates employment to more than 35 million people.

Indian textile industry can be divided into several segments, some of which can be listed as below:

- Cotton Textiles
- Silk Textiles
- Woolen Textiles
- Readymade Garments
- Hand-crafted Textiles
- Jute and Coir

1.2 Current Scenario

The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textiles industry also plays a vital role through its contribution to industrial output, employment generation, and the export earnings of the country.

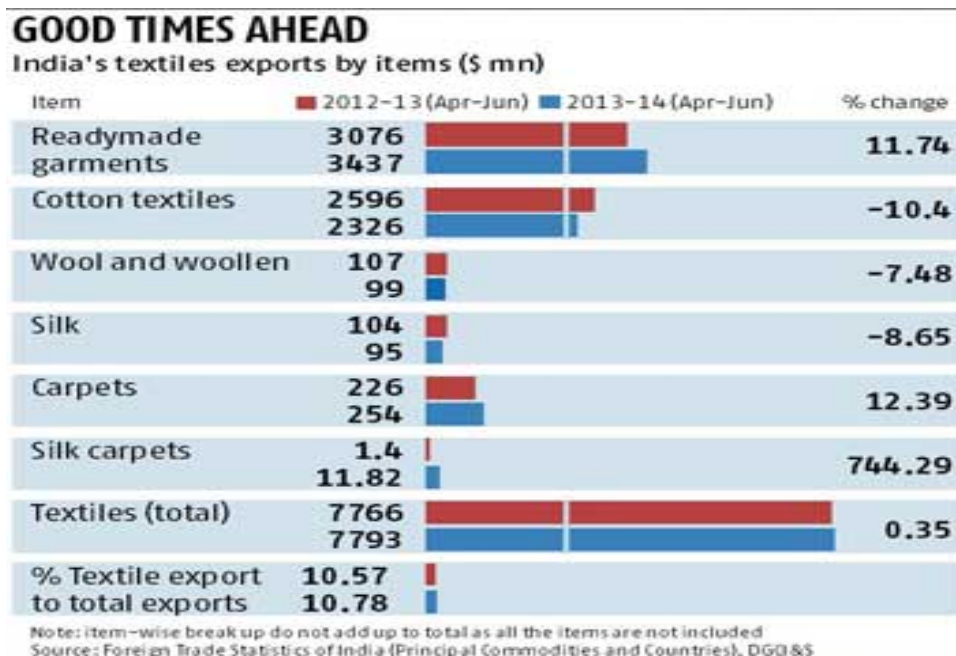
The sector contributes about 14 per cent to industrial production, 4 per cent to the gross domestic product (GDP), and 17 per cent to the country's export earnings. It provides direct employment to over 35 million people. The textiles sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

India has the potential to increase its textile and apparel share in the world trade from the current level of 4.5 per cent to 8 per cent and reach US\$ 80 billion by 2020.

1.3 Export Scenario

The targets for textiles exports for 2012-13 initially set at USD 38 billion have been revised upwards to USD 39.60 billion, following the Foreign Trade Policy Annual Supplement in June, 2012. The

details of exports targets fixed and achieved during the last three years and current year sector and item-wise including apparel, man-made and cotton textiles are as under given in the Table below:-



Source: Foreign Trade Statistics of India (Principal Commodities & Countries). * as per latest figures available

1.4 Technical Textile Segment

The current market size of technical textile in India is estimated to be around USD 6.83 billion. The overall technical textile industry in India is expected to grow at the rate of 11% year on year and reach a market size of USD 11.36 billion by the year 2012-13. The current technical textile consumption in India is estimated to be around USD 6.35 billion which is estimated to increase to USD 10.69 billion by Market Size includes domestic consumption and exports the year 2012-13 The Scheme for Growth and Development of Technical Textiles aims to promote indigenous manufacture of technical textile to leverage global opportunities and cater to the domestic demand.

Further, the government is set to launch USD 44.21 million missions for promotion of technical textiles, while the Finance Ministry has cleared setting up of four new research centers for the industry, which include products like mosquito and fishing nets, shoe laces and medical gloves.

The global technical industry is estimated at USD 127 billion and its size in India is pegged at USD 11 billion.

2. MAJOR PLAYERS IN TEXTILE INDUSTRY

2.1 Major Players in the industry

Company	Business areas
Welspun India Ltd	Home textiles, bathrobes, terry towels
Vardhman Group	Yarn, fabric, sewing threads, acrylic fiber
Alok Industries Ltd	Home textiles, woven and knitted apparel fabric, garments and polyester yarn
Raymond Ltd	Worsted suiting, tailored clothing, denim, shirting, woolen outerwear
Arvind Mills Ltd	Spinning, weaving, processing and garment production (denims, shirting, khakis, knitwear)
Bombay Dyeing & Manufacturing Company Ltd	Bed linen, towels, furnishings, fabric for suits, shirts, dresses and saris in cotton and polyester blends
Garden Silk Mills Ltd	Dyed and printed fabric
Mafatlal Industries Ltd	Shirting, poplins, bottom wear fabrics, voiles
Aditya Birla Nuvo, a diversified conglomerate of the Aditya Birla Group, comprising three divisions — Madura Garments, Jayashree Textiles and Indian Rayon	Madura Garments —lifestyle market (Louis Philippe, Van Heusen, Allen Solly, The Collective) Jayashree Textiles —domestic linen and worsted yarn Indian Rayon —viscose filament yarn
ITC Lifestyle	Lifestyle market
Reliance Industries Ltd	Fabric, formal menswear

2.2 Profile of Major Players in India

2.2.1 *Welspun India Ltd*

Welspun India Limited (WIL) is the Flagship Company of Welspun Group with an enterprise value of U.S. \$ 3 billion. WIL is ISO 9001:2000, 14001 and SA 8000 certified company. WIL is a composite textile mill producing Cotton Yarn, Terry Towels and Rugs for international market.

Welspun India Ltd. is one of the largest Home Textiles producers in Asia and amongst the top 4 producers of Terry Towels in the world. WIL is located at village Morai in Valsad district, Gujarat State. WIL annual sales turnover for year 2009-2010 was Rs. 681.881 crores.

They have presence over 50 Countries, over 24,000 employees & 100,000+ shareholders, Welspun is one of India's fastest growing conglomerates.

2.2.2 *Vardhman Group*

Vardhman Group was established in 1965 and is a leading textile conglomerate in India having a turnover of \$700 million. They have over 24 manufacturing facilities in five states across India; the

Group business portfolio includes Yarn, Greige and Processed Fabric, Sewing Thread, Acrylic Fibre and Alloy Steel.

Vardhman Group manufacturing facilities include over 8,00,000 spindles, 65 tons per day yarn and fiber dyeing, 900 shuttle less looms, 90mn meters per annum processed fabric, 33 tons per day sewing thread, 18000 metric tons per annum acrylic fiber and 100,000 tons per annum special and alloy steel.

Products

- Cotton Yarn
- Special Blended Yarn
- Organic Cotton
- Yarn Core Spun Yarn
- Fair Trade cotton
- Yarn Melanges
- Organic Fair Trade Cotton Yarn
- Gassed Mercerized Yarn
- Ellitwist Yarn
- Modal Yarn
- Vortex Yarn
- Tencel Yarn
- Slub Yarn
- Viscose Yarn
- Acrylic Yarn
- Hand Knitting Yarn
- Poly - Cotton Yarn
- Specialty Yarn
- Acrylic - Cotton Yarn

2.2.3 Alok Industries Ltd

Alok Industries Ltd. is an India-based textile manufacturing company and was established in 1986. Alok Industries is a private textile manufacturing company and has manufacturing bases spread over 6 locations in Navi Mumbai in Vapi and Silvassa, situated in Maharashtra.

Its business domain involves weaving, knitting, processing, home textiles and ready-made garments and it's a diversified manufacturer of world-class home textiles, apparel fabrics, garments and polyester yarns. Its buyers include manufacturers, exporters, importers, retailers, and branded apparel manufacturers of the world. Further, it operates its embroidery business through its sister concern, Grabal Alok Impex Ltd. Today, Alok Industries is one of the largest private exporters of textiles in India. Its business operations are spread across all the continents. Moreover, the manufacturing lab has been certified for ISO 9001:2000 quality standards.

Alok Industries became a public limited company in 1993 and their shares are listed in Bombay Stock Exchange and National Stock Exchange. The turnover increased by 39.33%.

Alok Industries product lines include -

- Apparel Fabric (Woven)
- Apparel Fabric (Knitted)
- Garments
- Home Textiles
- Polyester Yarn
- Embroidered Fabric
- Retailing

2.2.4 Raymond Ltd

Raymond was incorporated in 1925 and has over 60% market share in worsted suiting in India. The company has a diverse product range of nearly 20,000 design and colors of suiting fabric. They export their products to over 55 countries including USA, Canada, Europe, Japan and the Middle East. The company has registered a turnover of USD 636.7 million for the FY 2011 as compared to USD 364 million turnover in 2006.

Their suiting's are available in India in over 400 towns through 3,000 retailers as well as over 500 exclusive retail shops.

Raymond is among the largest integrated manufacturers of worsted fabrics in the world. Raymond Ltd. owns some of the most highly respected apparel brands in its portfolio like - Raymond, Manzoni, Park Avenue, Color Plus, Parx, Park Avenue, Be:, Zapp and Notting Hill and GAS. Raymond manufactures and markets brands like Kama Sutra condoms and even surgical gloves. The Raymond Group also has an expansive retail presence. Raymond's wide range of products and services are as follows:

- Total textile solutions.
- Fabrics (Worsted, Denim and Shirting).
- Apparels (Tailored Clothing, Jeanswear and Dress Shirts).
- Brands (Raymonds, Manzoni, Park Avenue, Color Plus, Parx, Be: Zapp!, Notting Hill and The Raymond Shop).
- Woolen Outerwear.
- Furnishings.
- Retail (The Raymond Shop and Brand Store).
- Engineering (Files, Cutting Wools, Hand Tools and Agri tools and Auto Components).
- Personal Care (Park Avenue and Kamasutra).
- Prophylactic (Kamasutra and Surgical Gloves).
- International Business.
- Corporate Wear

2.2.5 *Bombay Dyeing*

Bombay Dyeing is one of the leading companies in the textile business. In fact, India has made a position in the world textile sector holding the hands of Bombay Dyeing. The textile products of the company are exported to different nations all across the world like the United States, European Union Countries, Australia and New Zealand.

2.3 **Products of Bombay Dyeing:**

Bombay Dyeing by using advanced technology has brought about a change in the textile business. The entire production is divided into two broad streams, weaving and spinning and winding. The production level on a daily basis is over 300,000 meters of fabrics. Some of the important products of the company that have already become significant in both, domestic and export markets are:

- Cotton Sheeting
- Polyester Cotton Sheeting
- Poly Cotton Drills
- Shoe Lining and Duck Fabrics
- Satin Furnishings
- Yarn dyed fabrics
- Flannel Sheeting
- Dobby and Fine Count made-ups
- Down proof Shells and Comforters
- Towels, Table Tops and Napkins

Bombay Dyeing at present is the largest exporter of sophisticated made-up items and also of products made of cotton and poly cotton. Bombay Dyeing has created a sizable market in the production of a wide range of fabrics and ready-mades. This includes both formal and casual wear. The ready-made collection of the Bombay Dyeing has been changing its production pattern with the evolving fashion trends. The consumer section of Bombay Dyeing comprise of bed linen, towels, furnishings, suiting and shirting fabrics, and cotton and polyester blended dresses and saris.

Technology used in Bombay Dyeing:

The technology applied in the production process in Bombay Dyeing is of international standards. Regarding the weaving facilities, the technology used is from one of the most technologically advanced company of the world, Sulzer. The automations used in weaving, spinning and winding by Bombay Dyeing are like Sulzer Projectile Machines, Sulzer Airjet Machines, Schlafhorst Autocore Rotors, Auto Corner Winding Spindles and Schweiter CA - 11 Spindles.

3. GOVERNMENT INITIATIVES AND REGULATORY FRAMEWORK

3.1 Government Initiatives

The Government of India has promoted a number of export promotion policies for the Textile sector in the Union Budget 2011-12 and the Foreign Trade Policy 2009-14. This also includes the various incentives under Focus Market Scheme and Focus Product Scheme; broad basing the coverage of Market Linked Focus Product Scheme for textile products and extension of Market Linked Focus Product Scheme etc. to increase the Indian shares in the global trade of textiles and clothing. The various schemes and promotions by the Government of India are as follows -

It has allowed 100 per cent Foreign Direct Investment (FDI) in textiles under the automatic route.

- 3.1.1 *Welfare Schemes:* The Government has offered health insurance coverage and life insurance coverage to 161.10 million weavers and ancillary workers under the Handloom Weavers' Comprehensive Welfare Scheme, while 733,000 artisans were provided health coverage under the Rajiv Gandhi Shilpi Swasthya Bima Yojna.
- 3.1.2 *E-Marketing:* The Central Cottage Industries Corporation of India (CCIC), and the Handicrafts and Handlooms Export Corporation of India (HHEC) have developed a number of e-marketing platforms to simplify marketing issues. Also, a number of marketing initiatives have been taken up to promote niche handloom and handicraft products with the help of 600 events all over the country.
- 3.1.3 *Skill Development:* As per the 12th Five Year Plan, the Integrated Skill Development Scheme aims to train over 2,675,000 people within the next 5 years (this would cover over 270,000 people during the first two years and the rest during the remaining three years). This scheme would cover all sub sectors of the textile sector such as Textiles and Apparel; Handicrafts; Handlooms; Jute; and Sericulture.
- 3.1.4 *Credit Linkages:* As per the Credit Guarantee program, over 25,000 Artisan Credit Cards have been supplied to artisans, and 16.50 million additional applications for issuing up credit cards have been forwarded to banks for further consideration with regards to the Credit Linkage scheme.
- 3.1.5 *Financial package for waiver of overdues:* The Government of India has announced a package of US\$ 604.56 million to waive of overdue loans in the handloom sector. This also includes the waiver of overdue loans and interest till 31st March, 2010, for loans disbursed to handloom sector. This is expected to benefit at least 300,000 handloom weavers of the industry and 15,000 cooperative societies.
- 3.1.6 *Textiles Parks:* The Indian Government has given approval to 40 new Textiles Parks to be set up and this would be executed over a period of 36 months. The new Textiles Parks would leverage employment to 400,000 textiles workers. The product mix in these parks would include apparels and garments parks, hosiery parks, silk parks, processing parks, technical textiles including medical textiles, carpet and power loom parks.

3.2 Recent Developments

- Along with the increasing export figures in the Indian Apparel sector in the country, Bangladesh is planning to set up two Special Economic Zones (SEZ) for attracting Indian companies, and duty free trade between the two countries. The two SEZs are intended to come up on 100-acre plots of land in Kishore ganj and Chattak, in Bangladesh.
- Italian luxury major Canali has entered into a 51:49 Joint Venture with Genesis Luxury Fashion, which currently has distribution rights of Canali-branded products in India. The company will now sell Canali branded products in India exclusively.

Name of SEZ and status	State	Area (hectares)	Sector	Developer/Promoter	Details
Mahindra City SEZ (Functional)	Tamil Nadu	607.1	Apparel and fashion accessories	Mahindra Group and Tamil Nadu Industrial Development Corporation (TIDCO)	Mahindra City is India's first integrated business city, divided into business and lifestyle zones. The business zone provides plug-n-play working spaces. This zone comprises an SEZ (primarily for exporters) and domestic tariff area (DTA) for companies targeting the domestic market. The lifestyle zone offers residential units, schools, medical centres, malls, business hotels and recreation facilities.
Surat Apparel Park (Functional)	Gujarat	56	Textiles	Gujarat Industrial Development Corporation (GIDC)	Key industrial units include Safari Exports, Venus Garments, Benchmark Clothing's, P. K. International, Formal Prints, J.R. Fashion and Ganga Export.
Brandix India Apparel City (BIAC) (Functional)	Andhra Pradesh	404.7	Textiles	Brandix India Apparel City PvtLtd	Integrated apparel supply chain city plans to house world-class apparel chain partners. 60 million litres of water per day is available. Has one of the most advanced effluent treatment systems in the region. BIAC has a dedicated 200 MW power sub-station.
Karnataka Industrial Areas Development Board	Karnataka	-	Textiles	Karnataka Industrial Areas Development Board	

(KIADB) (Functional)				(KIADB)	
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In addition to the four functional SEZs, there are 13 in-principle approved, 19 formally approved and 12 notified SEZs in India

→From January 2000 to June 2011, 482 Mergers and Acquisitions (M&A) deals have taken place.

→**The top five M&A deals* are listed below**

M&A scenario — details Period : 1 January 2000 to 1 May 2013			
Top 5 deals	Acquirer Name	Target Name	Largest deal (USD million)
1	Grashim Industry	Terrace Bay Pulp	360.0
2	Madura Garments	Pantaloon Retail	333.3
3	Himachal Fibers	Balmukhi Textiles Pvt Ltd	NA
4	B R Machine Tools Pvt. Ltd	Bombay Rayon Fashions Ltd	721.1
5	Group of Investors	Provogue (India) Ltd	526.9
6	M C Spinners Pvt. Ltd	Maxwell Industries	8.47

Other government initiatives Scheme for Integrated Textile Parks, 2005

The scheme was introduced to neutralize the weakness of fragmentation in the various sub-segments of the textiles value chain and the unavailability of quality infrastructure.

In the 12th Five Year Plan (2012–17), the government plans to spend US\$ 9.1 billion on textiles as against US\$ 4 billion in the 11th Plan.

3.3 Policy and regulatory framework

The Ministry of Textiles is responsible for policy formulation, planning, development, export promotions and trade regulation in the textile sector. This includes all natural and manmade cellulosic fiber used to make textiles, clothing, and handicrafts. National Textile Policy, 2000 -the policy was introduced for the overall development of the textiles industry. The key areas of focus include

- Technological upgrades
- Enhancement of productivity
- Quality consciousness
- Strengthening of raw material base
- Product diversification

- Increase in exports and innovative marketing strategies
- Financing arrangements
- Increasing employment opportunities
- Integrated human resource development

3.3.1 *Technology Mission on Cotton (TMC), 2000*—the scheme was introduced to address concerns around cotton production and processing sectors and to place the cotton economy on a sound footing. It was initially to be phased out at the end of the Tenth Five Year Plan (2002–07). However, the scheme’s Mini Mission was extended into the Eleventh Plan for two years to accomplish targets.

3.3.2 *Jute Technology Mission (JTM), 2006*, The objectives of this programme include

- Improving the yield and quality of jute fiber
- Strengthening existing infrastructure for the development and supply of quality seeds
- Improving the quality of fiber through better methods of retting and extraction technologies
- Increasing the supply of quality raw material to the jute industry at reasonable prices and developing efficient market linkages for raw jute.
- Modernizing, upgrading technology, improving productivity, diversifying and developing human resource for the jute industry
- Developing and commercializing innovative technology for the diversified use of jute and allied fiber

3.3.3 *Development of mega cluster schemes*

- Comprehensive Power looms Cluster Development Scheme (CPCDS)
- To assist entrepreneurs to set up world-class units with modern infrastructure, latest technology and adequate training and human resource development (HRD) inputs along with appropriate market linkages.
- Comprehensive Handloom Cluster Development Scheme (CHCDS)
- Formulated to address the challenges faced by weavers within the cooperative sector and outside, due to poor infrastructure in some clusters.
- Comprehensive Handicrafts Cluster Development Scheme (CHCDS)

The textile industry segments eligible to avail concessional loans for technology upgrade requirements include

- Spinning, cotton ginning and pressing
- Silk reeling and twisting
- Wool scouring and combing
- Synthetic filament yarn texturising, crimping and twisting
- Manufacturing of viscose filament yarn (VFY) or viscose staple fiber (VSF)
- Weaving or knitting including non-woven’s and technical textiles
- Garments, made-up manufacturing
- Processing of fiber, yarn, fabric, garments and made-ups
- Jute

4. INVESTMENTS AND OPPORTUNITIES

4.1 Investment

The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted foreign direct investments (FDI) worth US\$ 1.22 billion during April 2000 to February 2013.

Some of the major investments in Indian Textile Industry are:

- British clothing brand Super dry plans to open 20 stores in India over the next five years, as per Mr. James Holder, Founder, Super dry
- The Export Promotion Council for Handicrafts (EPCH) is setting up an international lace trade centre at Narsapuram in Andhra Pradesh (AP) with an outlay of Rs 15.33 crore (US\$ 2.82 million)
- The Aditya Birla Group has signed an in-principle agreement to buy the assets of Ontario-based Terrace Bay Pulp Mill for Rs 605 crore (US\$ 111.62 million). The acquisition would be carried out through AV Terrace Bay (Canada), a special purpose vehicle (SPV) in which two group companies, Grasim Industries and Thailand-based Thai Rayon Public, would hold stake
- American apparel-maker, Tommy Hilfiger plans to add 500 stores in India over the next five years as part of their expansion spree. Currently, Tommy Hilfiger operates 58 franchisee outlets and over 60 shop-in-shops in other department stores
- Italian luxury apparel maker, Canclini Tessile is tying up with Tirupur-based Emperor Textiles to stitch its shirts in India. The equal joint venture (JV) with Emperor Textiles will set up a separate manufacturing unit in Tirupur to manufacture Italian fabric for domestic consumption

4.2 Opportunities

The potential size of the Indian textiles industry is expected to reach US\$ 220 billion by 2020.

4.2.1 *Private sector participation in silk production*

The Central Silk Board has set a target of 23,000 tonnes in 2012-13 to 33,000 metric tonnes per annum before the end of the current Five Year Plan period. It has also proposed to enlarge the area under mulberry silkworm food plants to 0.25 million hectares, which is expected to produce an additional 6,400 MT of mulberry raw silk and increase employment. To achieve these targets, alliances with the private sector, especially major agro-based industries in both pre-cocoon and post-cocoon segments, is being encouraged.

4.2.2 *Technical textiles*

The textiles industry complements the growth of several industries and institutions such as the defence forces, railways and government hospitals, which are the key institutional buyers of technical textiles. The market is likely to grow to USD31 billion by 2020, implying a CAGR of 10 per cent.

This industry includes the production of flexible packaging material for industrial, agricultural and consumer goods. Among the other segments, protech, oekotech, sportech and geo-tech have significant growth potential. India's technical textile industry is mainly dominated by unorganized players. However, it is an emerging area for investment with good growth opportunities.

4.2.3 Retail sector

With consumerism and disposable income on the incline, the retail sector has witnessed rapid growth in the past decade. Several international retailers are also focusing on India due to its emergence as a potential sourcing destination.

4.2.4 Centres of Excellence (CoE) for research and technical training

The Government of India has proposed the establishment of several CoEs for training the workforce in the textiles sector. Four CoEs have been identified for four thrust segments of technical textiles —geotech, meditech, protech and agrotech. These CoEs, with national and international accreditation, are aimed at creating facilities for testing and evaluation and developing resource centres and facilities for training.