

# **India: An Attractive Investment Destination for Textile and Apparel**

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**India Business and Investment Meet, Italy**

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# Contents

1. Overview of Indian Textile and Apparel Sector
2. Market size of Indian Textile and Apparel (T&A) Sector
3. Government Support Initiatives
4. Technical Textiles
5. India - Italy Bilateral T&A Trade
6. Possible areas of collaboration between Italy & India
7. Major T&A trade shows in India

# 1. Overview of Indian Textile and Apparel Sector

## ■ Raw Material Scenario

- Largest producer of Cotton in the world (6 mn. kg, 27% global share)
- 2<sup>nd</sup> largest producer of Polyester and Silk
- 3<sup>rd</sup> largest Viscose producer
- 4<sup>th</sup> largest Acrylic and Nylon producer

## ■ Manufacturing Infrastructure

- 2<sup>nd</sup> largest global manufacturer
- Spun Yarn manufacturing: 5 bn. kg. (50 mn. spindles)
- Fabrics: 65 bn. sq.m. (4.9 mn. looms, incl. handlooms)

## ■ Exports

- Exports value: US\$ 40 billion (2015-16)
- 2<sup>nd</sup> largest exporter with 5% share in global textile and apparel trade
- Share of T&A in India's total export: 15%

## 2. Market size of Indian Textile and Apparel Sector

*Values for 2015-16*

**Total Market Size**  
**US\$ 137 billion**

**Domestic Consumption**  
**US\$ 97 bn.**

**Exports**  
**US\$ 40 bn.**

**Household consumption**  
**US\$ 83**

**Technical Textiles**  
**US\$ 14 bn.**

**Textiles**  
**US\$ 23 bn.**

**Apparel**  
**US\$ 17 bn.**

### 3. Government Support Initiatives

#### ■ Amended Technology Upgradation Fund Scheme (ATUFS)

- Notified in Jan 2016 to promote modernization and expansion in industry.
- Provides Capital Subsidy to eligible weaving, processing, garmenting, technical textiles machinery in the range of 10-15%.

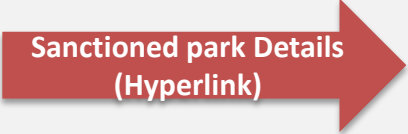
#### ■ Integrated Processing Development Scheme (IPDS)

- Launched in Oct. 2013 to facilitate creation of new processing clusters/centres with environment friendly processing standards and technology.
- Provides support worth 50% of project cost with a ceiling of:
  - Rs. 750 mn. ( approx. € 10 mn.) for Zero Liquid Discharge (ZLD)
  - Rs 100 mn. (approx. € 1.3 mn.) for conventional treatment systems.
- 6 projects have been sanctioned till date

### 3. Government Support Initiatives

#### ■ Scheme for Integrated Parks (SITP)

- Launched in Sep 2005 to provide support for creation of infrastructure for textile manufacturing such as ETPs, power supply, common facilities etc.
- Funding support of 40% of the project cost up to Rs 400 mn. (€ 5.3 mn.) is made available for each park
- 65 textile parks have been sanctioned till date

[Sanctioned park Details  
\(Hyperlink\)](#) 

#### ■ Integrated Skill Development Scheme (ISDS)

- Launched in Oct. 2010 with target to train 1.5 million people till 2017.
- Financial support of Rs. 10,000 (€ 133) per trainee is provided for training and skills development, in partnership with industry
- 708,000 persons have been trained till date; out of which 458,000 persons have been absorbed by the industry

## 3. Government Support Initiatives

### ■ In situ upgradation of Powerlooms

- Financial help provided by Gol for In Situ Upgradation of powerlooms
- Effort of Gol supplemented by many State Governments
- Up to June 2016, a total of 65,000 powerlooms have been upgraded for which Government of India has released a subsidy of Rs. 804 mn. (€ 10.7 mn)
- Helps in improving efficiency of powerlooms by 20% and reduce defects by 30%

### 3. Government Support Initiatives

- **New package for apparel sector:**

- Recently, Govt. has extended a special package of Rs 60,000 million (€ 800 mn.) for employment generation in the sector:
  - Enhanced Duty Drawback Rate to cover all Central and State Govt. levies.
  - Rate of Capital Investment Subsidy for apparel units increased from 15% to 25%.
  - Labour reforms including:
    - 100% reimbursement of employer's contribution for Employee Provided Fund (worth 12% of wages)
    - Provident Fund contribution made optional for workmen earning less than Rs 15,000 per month (€ 200)
    - Increase in overtime caps for the workers in line with ILO norms
    - Introduction to fixed term employment
  - Enhanced corporate tax rebate for garment units



# Technical Textiles Sector in India

- Technical Textiles also called engineered textiles.
- Use is functional rather than aesthetic Based on the end usage Technical Textiles are categorized into 12 segments
- At nascent stage in India and is one of the fastest growing segments of the Textile Industry.
- Despite achieving high growth rate, the per capita consumption of technical textiles in India is only 1.7 per kg vis-à-vis 10-12 kg in developed countries.

# Government's Initiatives in Technical Textiles

- **Technology Mission on Technical Textiles (TMTT):** 8 Centres of Excellence (CoEs) Technical Textiles established acting as a one stop shop for the stakeholders to provide services such as testing and evaluation of products with national / international accreditation, indigenous development of prototypes, Incubation Centre facilities & setting up of standards at par with global level.
- **Focus Incubation Centers under TMTT :** To help the potential investors to enter into technical textiles, on plug and play model.
- **Scheme for Promoting Usage of Agrotextiles :** To encourage utilization of Agrotextiles in improving the agriculture, horticulture, floricultural & sericulture development of Agrotextile products suitably customized for use in the North-Eastern region of India.
- **Scheme for Promoting Usage of Geotextiles in NER :** The objective is to promote and utilize Geotechnical textiles in development of infrastructure in the NE states by providing technological and financial support in existing projects in road, hill/ slope protection, water reservoirs.

## 4. India - Italy bilateral T&A trade

- India exported US\$ 772 mn. of T&A products to Italy and imported US\$ 71 mn. from Italy in 2015

### Top 5 products exported from India to Italy

1. Knitted T-shirts of cotton
2. Bulk Containers of manmade fibres
3. Knitted women's cotton nightdresses
4. Knitted men's cotton nightshirts
5. Woven women's cotton tops and shirts

### Top 5 products imported by India from Italy

1. Twine and cords
2. Men's/boys' cotton trousers
3. Woven men's cotton shirts
4. Woven men's woolen suits
5. Woven men's woolen jackets

- India also imported US\$ 178 mn. worth of textile machinery from Italy in 2015-16 (40% processing machinery, 26% spinning machinery and 22% weaving machinery)

## 5. Possible areas of collaboration between Italy & India

### Strengths of Italian Textile Sector

- Focus on value added segment
- Design and product development strength
- Fabric Processing i.e. dyeing, printing, finishing
- Textile machinery manufacturing

Italian companies can leverage these strengths and invest in India on their own or in JV to take advantage of India's growing domestic market and also to export globally.

## 5. Possible areas of collaboration between Italy & India

### Opportunity for Italian Processing Companies

- India's processing sector needs technical and process upgradation, while it is one of the strengths of Italian textile sector.
- This offers an opportunity for **Italian processing companies** to invest in India through **Joint Ventures** or **establishing their own factories**.

### Opportunity for Italian Textile Machinery Manufacturers

- Growing demand and exports from India would require availability of locally manufactured machinery at affordable prices.
- Since Italian machinery companies are already exporting significantly to India hence they can invest in India and tap the potential in this sector in a better way

## 6. Major T&A trade shows in India

- Indian textile and apparel industry organizes various shows/ buyer sellers meet round the year. In 2016-17, industry is set to organize following shows:

S no.	Show/ Buyer Seller Meet	Date	Location
1	India International Garment Fair	July 2016	New Delhi
2	Source India, Manmade Fibres	August 2016	Surat, Gujarat
3	India International Silk Fair & RBSM	October 2016	New Delhi
4	Carpet Expo	October 2016	Varanasi, Uttar Pradesh
<b>5</b>	<b>Mega Textiles India</b>	<b>October 2016</b>	<b>Greater Noida, NCR</b>
6	India International Fabric Expo	November 2016	Bangalore, Karnataka
7	India International Garment Fair	January 2017	New Delhi
8	Carpet Expo	March 2017	New Delhi
9	India International Handwoven Fair	March 2017	Chennai, Tamil Nadu

- Italian buyers can visit these shows to promote T&A trade between two countries.

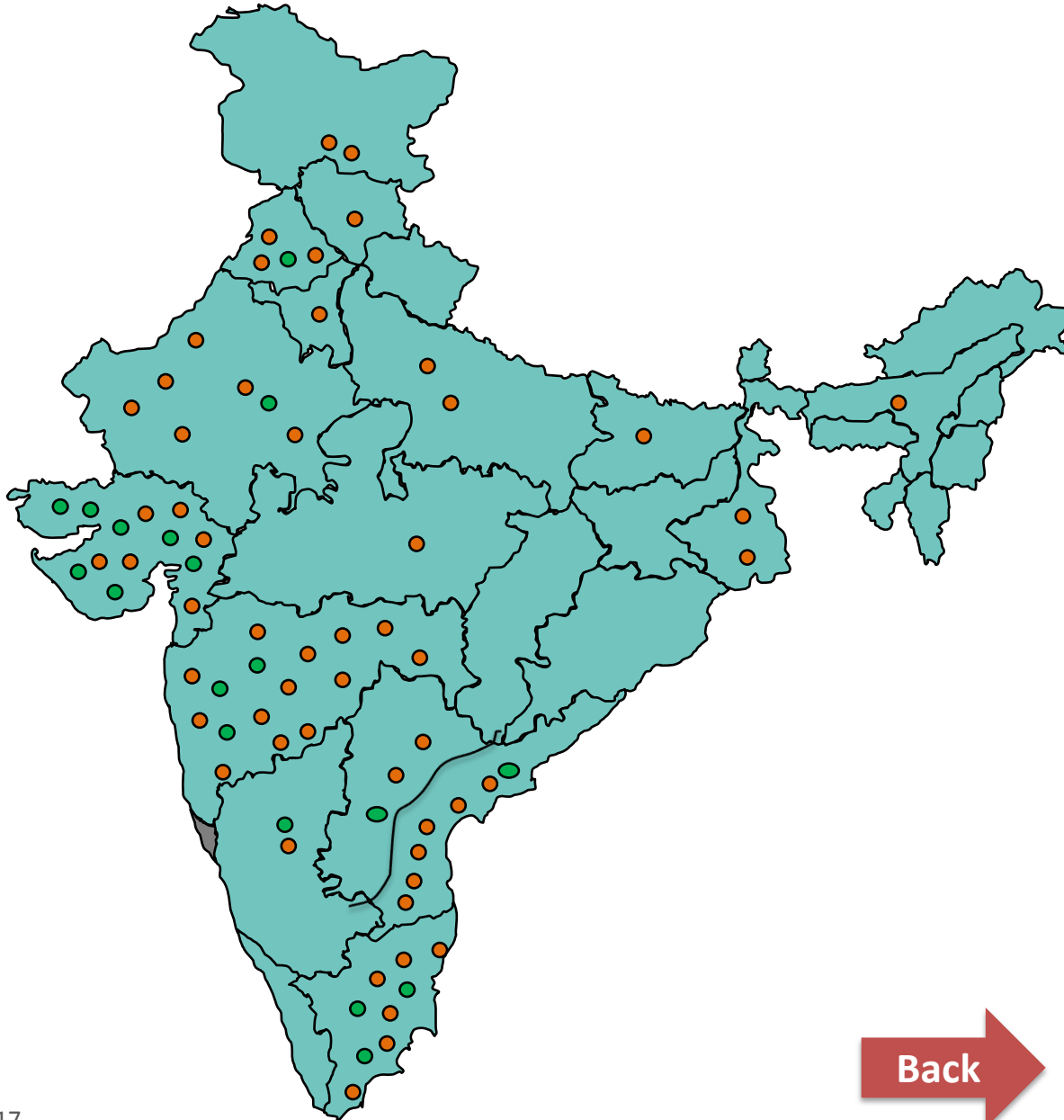
# About “Textiles India”

- Ministry of Textiles has planned to organize an annual mega textile event “Textiles India” covering entire value chain i.e. from fibre to fashion.
- The first “Textiles India” will be held from **6<sup>th</sup> to 8<sup>th</sup> Oct. 2016** at India Expo Centre & Mart, Greater Noida, NCR Delhi.
- “Textile India” will comprise of three parts:
  - **Technical Conference “Texsummit”**: It will be attended by Indian and international industry delegates and policy makers from Union & State Govt. who will deliberate on key sector issues and way forward.
  - **Mega Exhibition**: Buyers can benefit from participation in India’s largest ever gathering of T&A value chain exhibitors. In addition, exhibitors from all over the world are also invited to showcase their products.
  - **Allied Events**: Fashion shows, Thematic displays, cultural programmes, design awards etc.
- **I invite Italian industry and policy makers to attend *Textiles India* to comprehend the vibrant Indian textile sector and be a part of the growth story**

**Thank you**



# 65 APPROVED TEXTILE PARKS UNDER SITP



State	No of Parks
Andhra Pradesh	5
Assam	1
Bihar	1
Telangana	3
Gujarat	14
Himachal Pradesh	1
Haryana	1
J & K	2
Karnataka	2
Madhya Pradesh	1
Maharashtra	14
Punjab	3
Rajasthan	6
Tamil Nadu	8
Uttar Pradesh	2
West Bengal	2
<b>Total</b>	<b>65</b>

Back

## **India: An Attractive Destination for FDI**

# Factors that make India an Attractive FDI Destination for Textiles Manufacturing

## ■ Flexible Policy Regime

- 100% FDI allowed in the sector under Automatic Route

## ■ Raw Material Availability

- Largest producer of Cotton
- 2<sup>nd</sup> largest producer of Polyester and Silk
- 3<sup>rd</sup> largest Viscose producer
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## ■ Domestic Market Attractiveness

- Domestic Textile and Apparel Consumption worth US\$ 97 bn.
- Rising income level of consumers

# Factors that make India an Attractive FDI Destination for Textiles Manufacturing

## ■ Cost Competitiveness

- Low labour wages (US\$ 150/ month) in comparison to countries like China and Vietnam.

## ■ Availability of Manpower

- More than 60% of Indian population in the working age group of 15 to 59 years

## ■ Ease of doing business

- Various steps being taken by Government towards enhancing ease of doing Business. These steps will result in improved Doing Business Rank

# New package for apparel sector

- Recently, Govt. has extended a special package of Rs 60,000 million (€ 800 mn.) for employment generation in the sector:
  - Enhanced Duty Drawback Rate to cover all Central and State Govt. levies.
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    - 100% reimbursement of employer's contribution for Employee Provided Fund (worth 12% of wages)
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# Global FDI Scenario and India's Positioning

India entered in top 10 FDI destinations for the first time in 2014 - jumping from 15<sup>th</sup> to 9<sup>th</sup> position in global ranking.

