

TEXTILES AND APPAREL



August 2023

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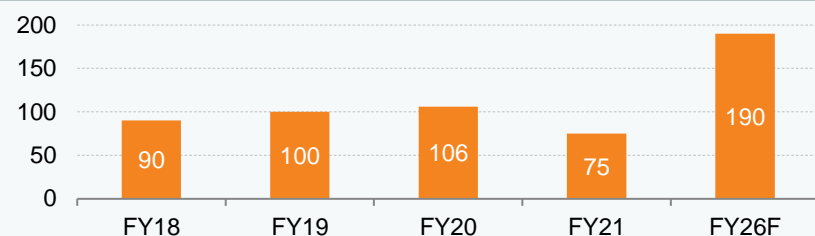
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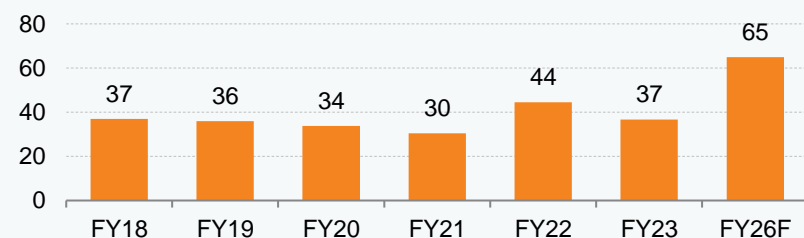
Executive summary

- 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 4.6% share of the global trade in textiles and apparel.
- India is the world's 3rd largest exporter of Textiles and Apparel.
- The textiles and apparel industry contributes 2.3% to the country's GDP, 13% to industrial production and 12% to exports.
- The textile industry has around 45 million workers employed in the textiles sector, including 3.5 million handloom workers.
- During (April-March) 2022-23, the total exports of textiles (including handicrafts) stood at US\$ 36.68 billion.
- India's textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY.
- The Indian textile industry has made a mark in the world with its innovative and attractive products.
- 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 Rs. 10,683 crore (US\$ 1.44 billion) PLI scheme is expected to be a major boost for textile manufacturers. The scheme proposes to incentivise MMF (man-made fibre) apparel, MMF fabrics and 10 segments of technical textiles products.

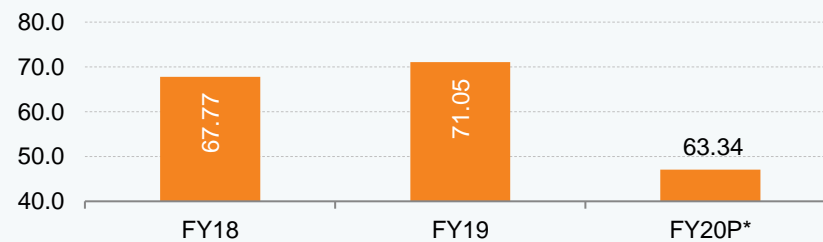
Domestic textile and apparel industry in India (US\$ billion)



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 2023-24, the total allocation for the textile sector was Rs. 4,389.24 crore (US\$ 536.4 million).
- ▶ 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.
- ▶ In July 2023, 43 new implementing partners were empanelled under the SAMARTH scheme and an additional target of training around 75,000 beneficiaries has been allocated. 1,83,844 beneficiaries trained across 1,880 centres under Samarth.



4. Robust Demand

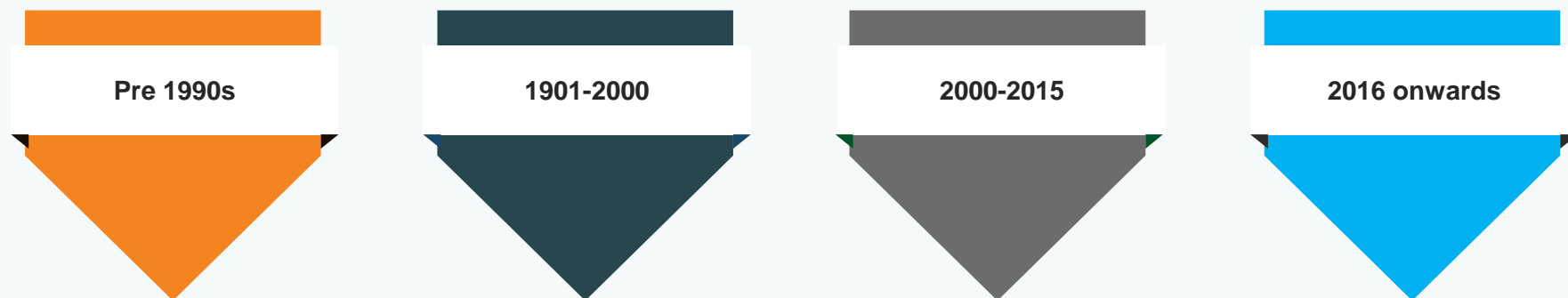
- ▶ The Indian technical textiles market is expected to expand to US\$ 23.3 billion by 2027, driven by increased awareness of goods and higher disposable incomes.
- ▶ Cotton production in India is projected to reach 7.2 million tonnes (~43 million bales of 170 kg each) by 2030, driven by increasing demand from consumers.
- ▶ In FY23, exports of readymade garments including accessories stood at US\$ 16.2 billion. It is expected to surpass US\$ 30 billion by 2027, with an estimated 4.6-4.9% share globally.
- ▶ Mr. Piyush Goyal discussed the roadmap to achieve the target of US\$ 250 billion in textiles production and US\$ 100 billion in exports by 2030.

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-June 2023 stood at US\$ 4.31 billion.



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.

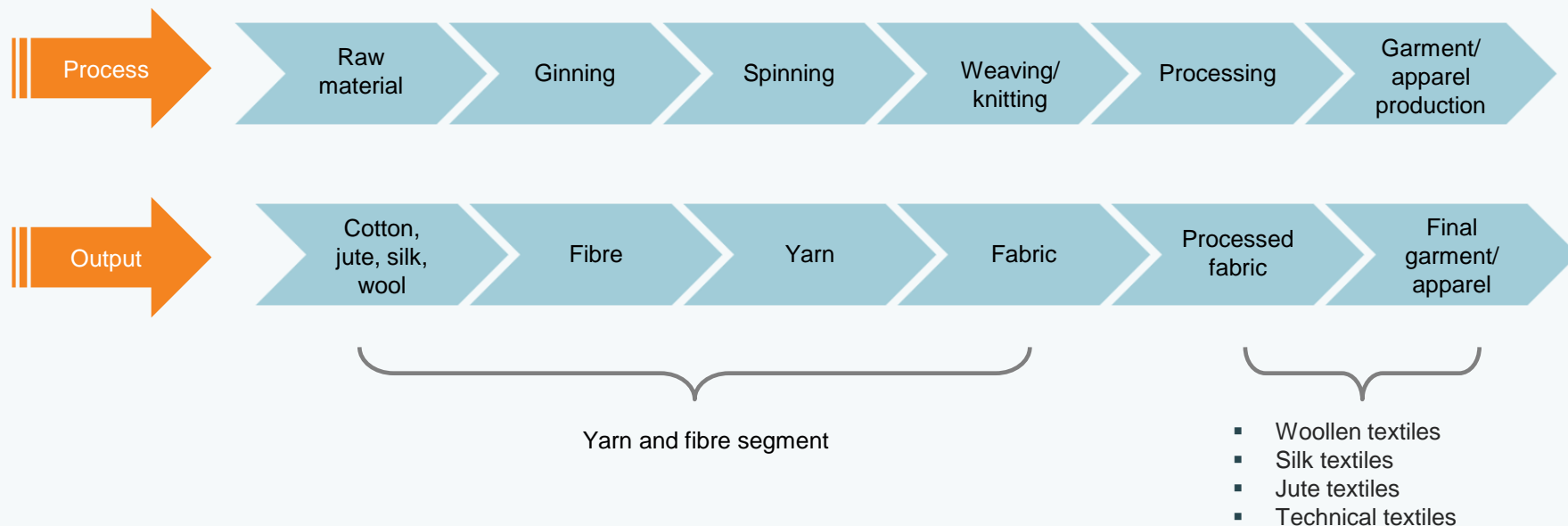
Note: NTP - National Textile Policy; ASEAN - Association of Southeast Asian Nations, TUFS - Technology Upgradation Fund Scheme; TMC Technology Mission on Cotton, EU - European Union

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 2022.
- 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 2022.

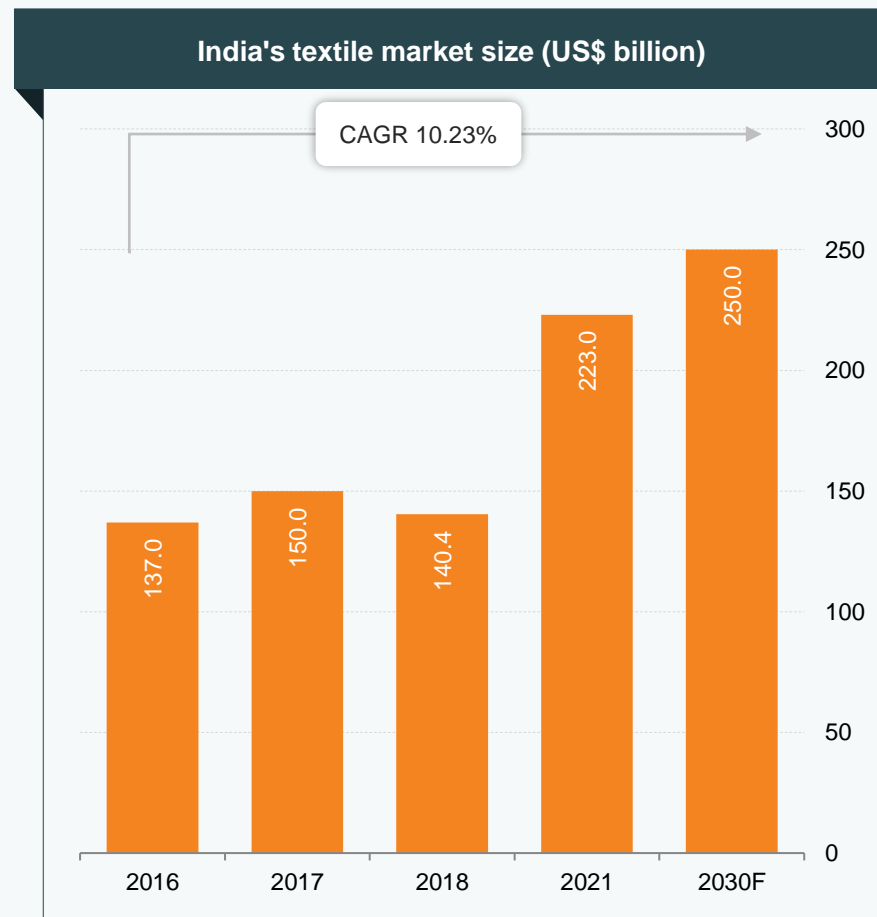
Key segments of the textile industry



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.
- Mr. Piyush Goyal discussed the roadmap to achieve the target of US\$ 250 billion in textiles production and US\$ 100 billion in exports by 2030.
- In December 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.
- 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.

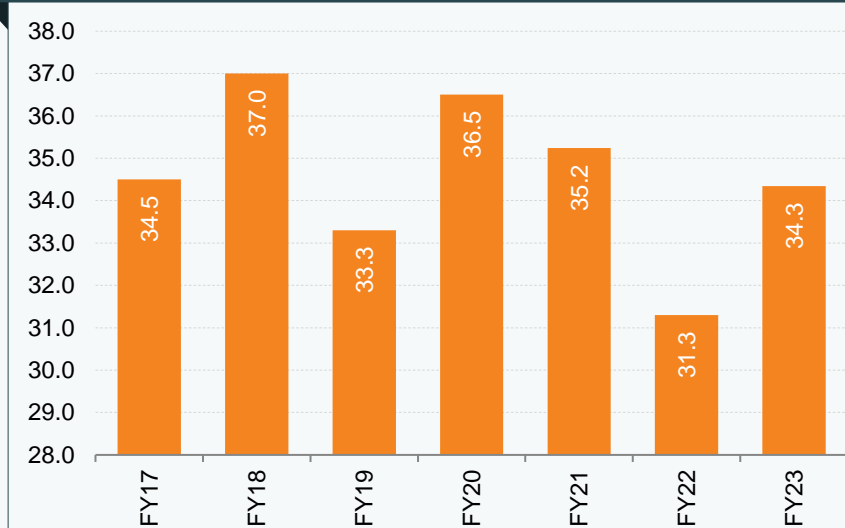


Note: F - Forecasted

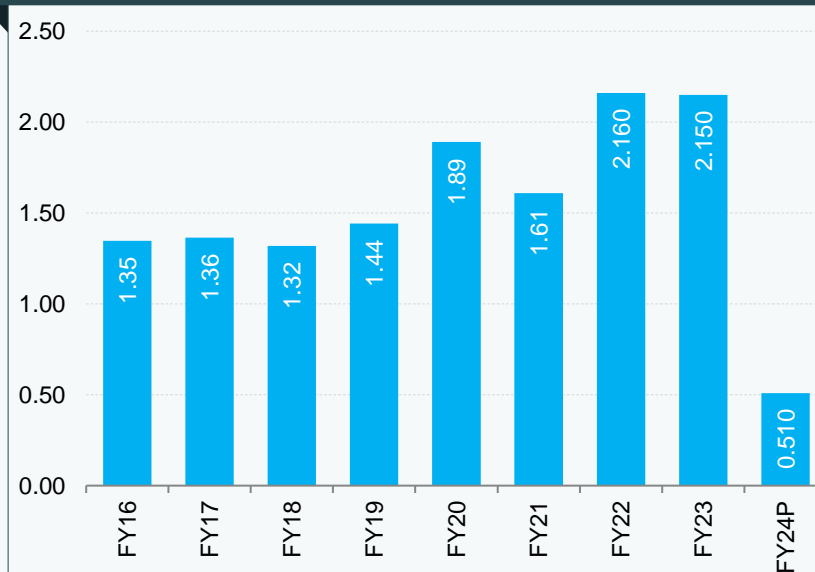
Source: Make in India, News Articles, Ministry of Textiles

Raw cotton and man-made fibre production increasing

Production of cotton (million bales)



Production of fibre (million tonnes)



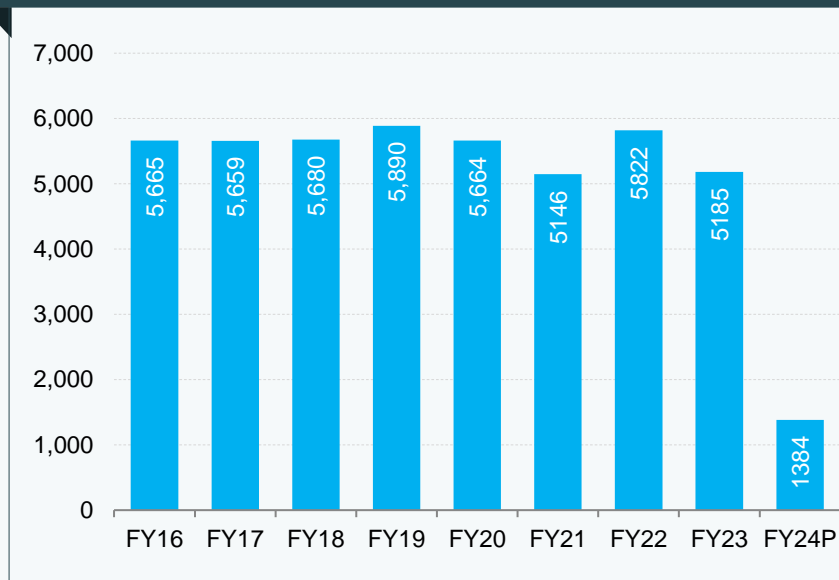
- India is the world's largest producer of cotton. Estimated production stood at 343.4 lakh bales during cotton season 2022-23.
- Natural fibres are regarded as the backbone of the Indian textile industry, which is expected to grow from US\$138 billion to US\$195 billion by 2025.
- The cotton production in 2022-23 is estimated to be 341.91 lakh bales (LB) with 80.25 LB in Maharashtra, 0.065 LB in Uttar Pradesh and 15.19 LB in Madhya Pradesh.
- India's demand for domestic consumption of cotton is estimated to be 5.29 million metric tonnes in 2022-23.
- Cotton and fibres are the two major segments in this category. Production of man-made fibre has also been on an upward trend.
- In 2022-23, the production of fibre in India stood at 2.15 million tonnes.

Note: P - Provisional, - April-June 2023-24

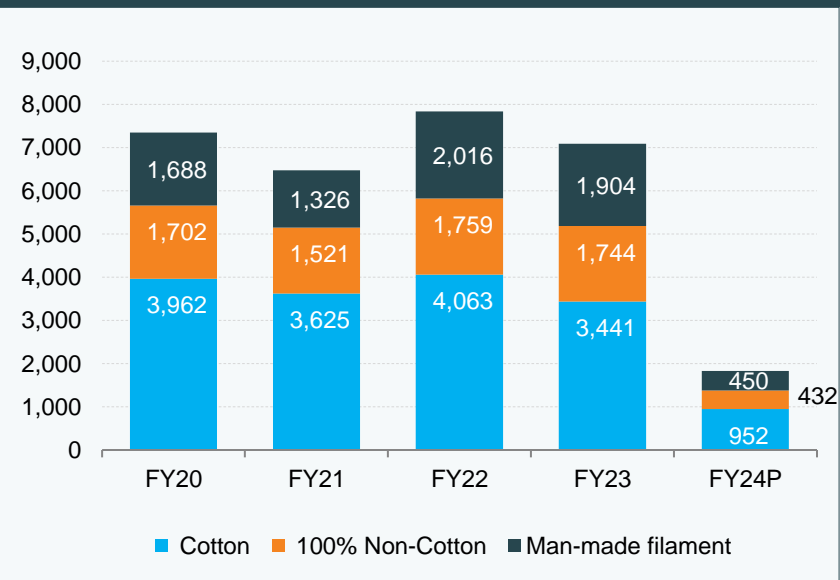
Source: The Cotton Corporation of India Ltd, BusinessLine, Department of Agriculture Cooperation & Farmers Welfare

Cotton is the major segment in yarn and fabric

Production of yarn (million kgs)



Yarn Production (million square metre)



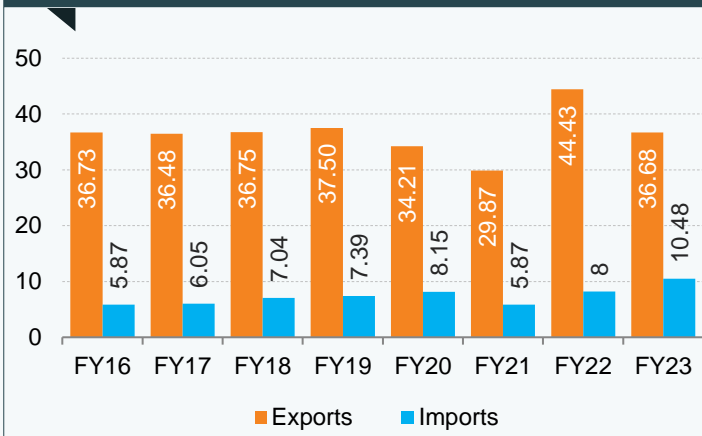
- Production of yarn grew to 5,185 million kgs in FY23.
- In H1 FY23, the Indian yarn exports were estimated at 28.9 crore kg.
- Expected production of filament yarn climbed by 49% and that of man-made fibres by 33% between April-January 2020 compared to the same period in 2019. Production of blended and 100% non-cotton yarn grew by 2% from April through January 2020 in comparison to the same timeframe in 2019.
- 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. It's Crop Health Science (CHS) division will collaborate with ATGC Biotech Pvt. Ltd. (ATGC) for the pheromone-based mating disruption technology.

Note: P - Provisional, ^ - Until June 2023-24

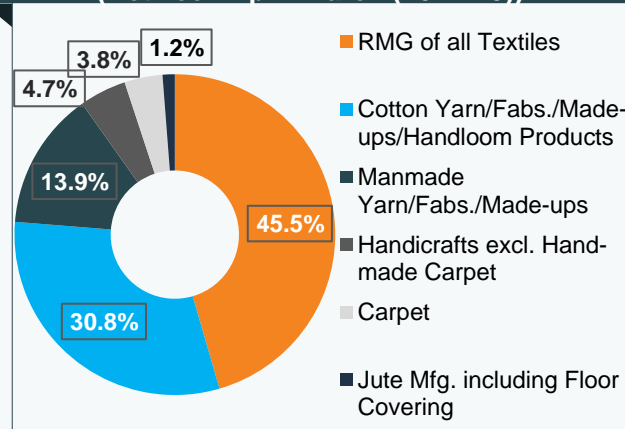
Source: Ministry of Textiles

Export have posted strong growth over the years

India's textile trade (US\$ billion)



Share of India's textile exports (Between April-March (2022-23))



Textile Exports (Between April-March (2022-23))

Commodities	Value (US\$ million)
RMG of all Textiles	16,191
Cotton Yarn/Fabs./Made-ups/ Handloom Products	10,946
Manmade Yarn/Fabs./Made-ups	4,949
Handicrafts excl. Handmade Carpet	1,689
Carpet	1,366
Jute Mfg. including Floor Covering	438

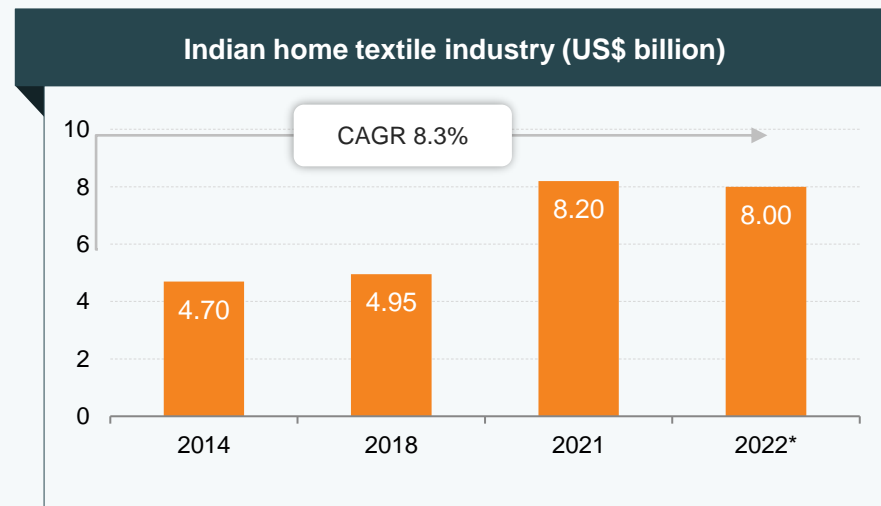
- During (April-March) 2022-23, the total exports of textiles stood at US\$ 36.68 billion.
- Exports of textiles (RMG of all textiles, cotton yarns/fabs./made-ups/handloom products, man-made yarns/fabs./made-ups, handicrafts excl. handmade carpets, carpets and jute mfg. including floor coverings) stood at US\$ 44.4 billion in FY22.
- India's ready-made garment (RMG) exports are likely to surpass US\$ 30 billion by 2027, growing at a CAGR of 12-13%.
- 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 stakeholders to recommend ways and means to achieve these objectives and enhance overall progress of the handloom sector.

Note: 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

- The Indian home textiles exports spurred from US\$ 5.3 billion in CY17 to US\$ 8 billion in CY22 at a CAGR of 7.1%.
- 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).



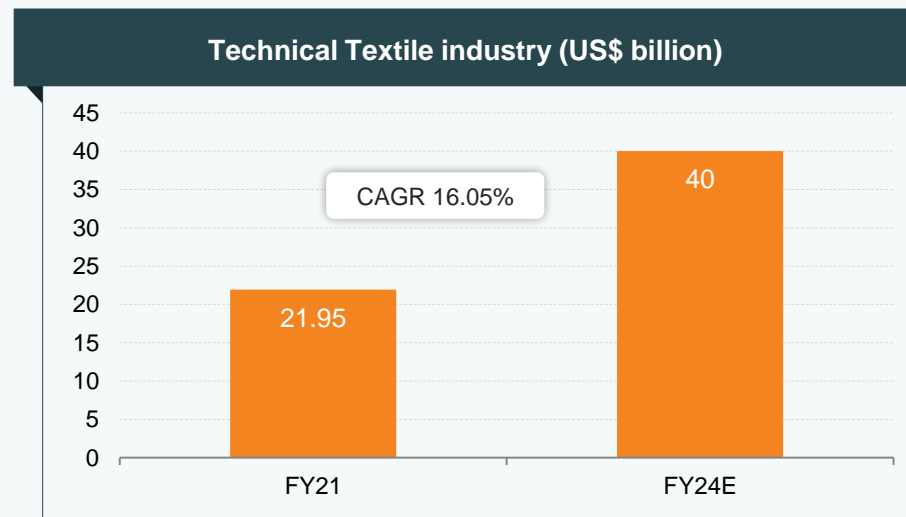
- Companies in home textile are using technology to optimise the value chain. For example, in October 2021, Welspun India introduced Wel-Trak 2.0—an upgraded, patented end-to-end traceability technology—to track textile raw materials throughout the supply chain.
- Home textile companies in India are 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, * - CY22*

Source: Ministry of Textiles, Welspun Presentation

Technical textile industry - a new arena of growth

- Technical textiles have been grouped into 12 categories: Agrotech, Meditech, Mobiltech, Packtech, Sportech, Buildtech, Clothtech, Hometech, Protech, Geotech, Oekotech and Indutech.
- 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 textile products were developed according to the Bureau of Indian Standards (BIS).
- Under National Technical Textile Mission (NTTM), 74 research proposals valuing US\$ 28.27 million (Rs. 232 crore) have been approved in the category of speciality fibre and technical textile. 31 new HSN codes have been developed in this space.
- 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.
- The Indian government has notified a uniform GST rate of 12% on man-made fabrics (MMF), MMF yarns, MMF fabrics and apparel, which came into effect on 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.



- The Indian Technical Textile market has a huge potential of a 10% growth rate, increased penetration level of 9-10% and the 5th largest technical textiles market in the world.
- India's sportech industry is estimated around US\$ 1.17 billion in 2022-23.
- The Government of India has earmarked a corpus of Rs. 1,000 crore (US\$ 127.72 million) dedicated to research and development of the technical textiles sector.
- Government introduced six additional courses for technical textiles in its skill development programme called Samarth.
- Exports for 247 technical textile items stood at Rs. 5,946 crore (US\$ 715.48 million) between April-June (2023-24).

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

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

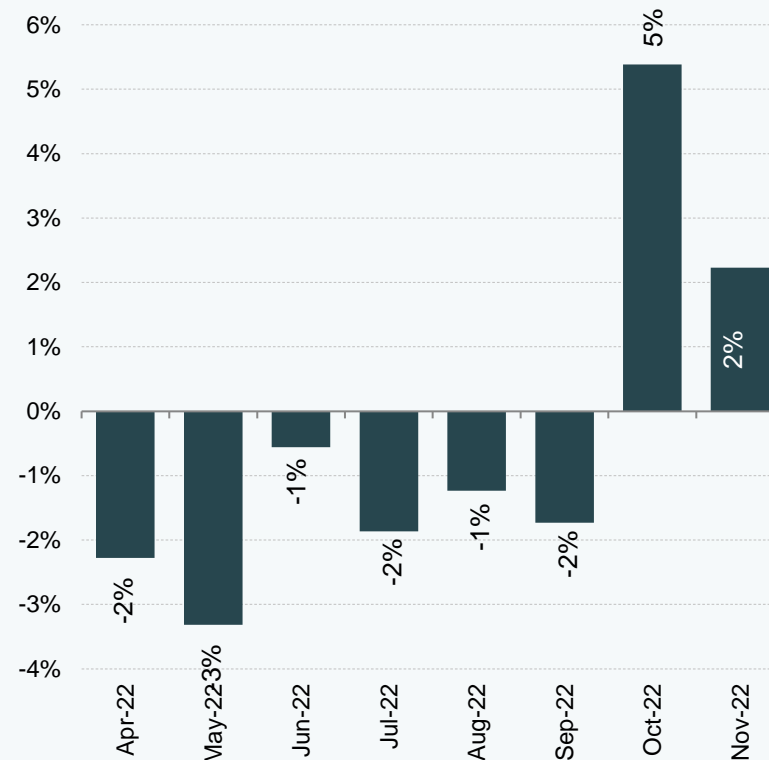
Recent Trends and Strategies



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.
- In July 2023, PM MITRA Park, Amravati expected to attract investment of Rs. 10,000 crore (US\$ 1.20 billion) and create employment for 300,000 individuals.
- In May 2023, an investment of around Rs. 6,850 crore (US\$ 824.25 million) is expected in the PM MITRA Park in Madhya Pradesh and Rs. 8,675 crore (US\$1.04 billion) in other parts of the state.
- 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 June 2022, Minister of Textiles, Commerce and Industry, Consumer Affairs & Food and Public Distribution, Mr. Piyush Goyal, stated that the Indian government wants to establish 75 textile hubs, similar to Tiruppur, which will greatly increase employment opportunities while promoting the export of textile products and ensuring the use of sustainable technology.
- 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.

Textile Manufacturing Growth under the Index of Industrial Production



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.
- In July 2023, PM MITRA Park, Amravati expected to attract investment of Rs. 10,000 crore (US\$ 1.20 billion) and create employment for 300,000 individuals.
- In May 2023, an investment of around Rs. 6,850 crore (US\$ 824.25 million) is expected in the PM MITRA Park in Madhya Pradesh and Rs. 8,675 crore (US\$1.04 billion) in other parts of the state.
- In February 2023, the union government approved 1,000 acres for setting up a textile park in Lucknow.
- 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 Ministry of Textiles to set up a mega hub under the PM Mitra Mega Textile Park.

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

- In August 2023, the Ministry of Textiles approved 26 engineering institutions for the introduction of Technical Textiles under the National Technical Textiles Mission.
- 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

- In September 2023, Khadi and Village Industries Commission signed 3 MoUs to promote Khadi Products.
- In January 2023, Prime Minister Mr. Narendra Modi's vision of "Khadi for Nation, Khadi for Fashion and Khadi for Transformation", a first-ever spectacular 'Khadi Fashion Show' took place in white fields at 'Rann of Kutch'. It was organized by the Khadi and Village Industries Commission.
- 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.

Source: Annual Reports, Company Presentations, News Articles

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

6

Diversification

- In September 2023, Grasim Industries plans to open nearly 120 retail stores over the upcoming 2 years, by expanding its footprint in smaller cities and towns.
- 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

- In June 2023, the Government has approved R&D projects worth US\$ 7.4 million (Rs. 61.09 crore) in the textile sector. 20 R&D Projects have been approved under the National Technical Textiles Mission in Geotech, Protech, Indutech, Sustainable Textiles, Sportech, Buildtech and Speciality Fibres.
- In December 2022, a total of 44 R&D projects were started, and 23 of them were successfully completed in the silk industry
- 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.

Source: Annual Reports, Company Presentations, News Articles

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

8

Focus on high growth domestic markets

- In November 2022, Tamil Nadu Chief Minister Mr. M. K. Stalin announced the establishment of a "Textile City" in Chennai as part of Tamil Nadu's strategy to become a major participant in the global textile industry. Additionally, the state will build a 1,500-acre textile park in the Virudhunagar district, for which SIPCOT will buy land.
- 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.

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

- India is expected to host the 81st Plenary Meeting of the International Cotton Advisory Committee (ICAC) from 2nd to 5th December 2023 in Mumbai with the theme “Cotton Value Chain- Local Innovations for Global Prosperity”.
- Cott-Ally mobile app has been developed for farmers to increase awareness about MSP rates, nearest procurement centers, payment tracking, best farm practices etc.
- In March 2022, the Tamil Nadu government included a Sustainable Cotton Cultivation Mission in its agriculture budget by allocating US\$ 1.86 million (Rs. 15.32 crore) to enhance the yield of organic cotton.

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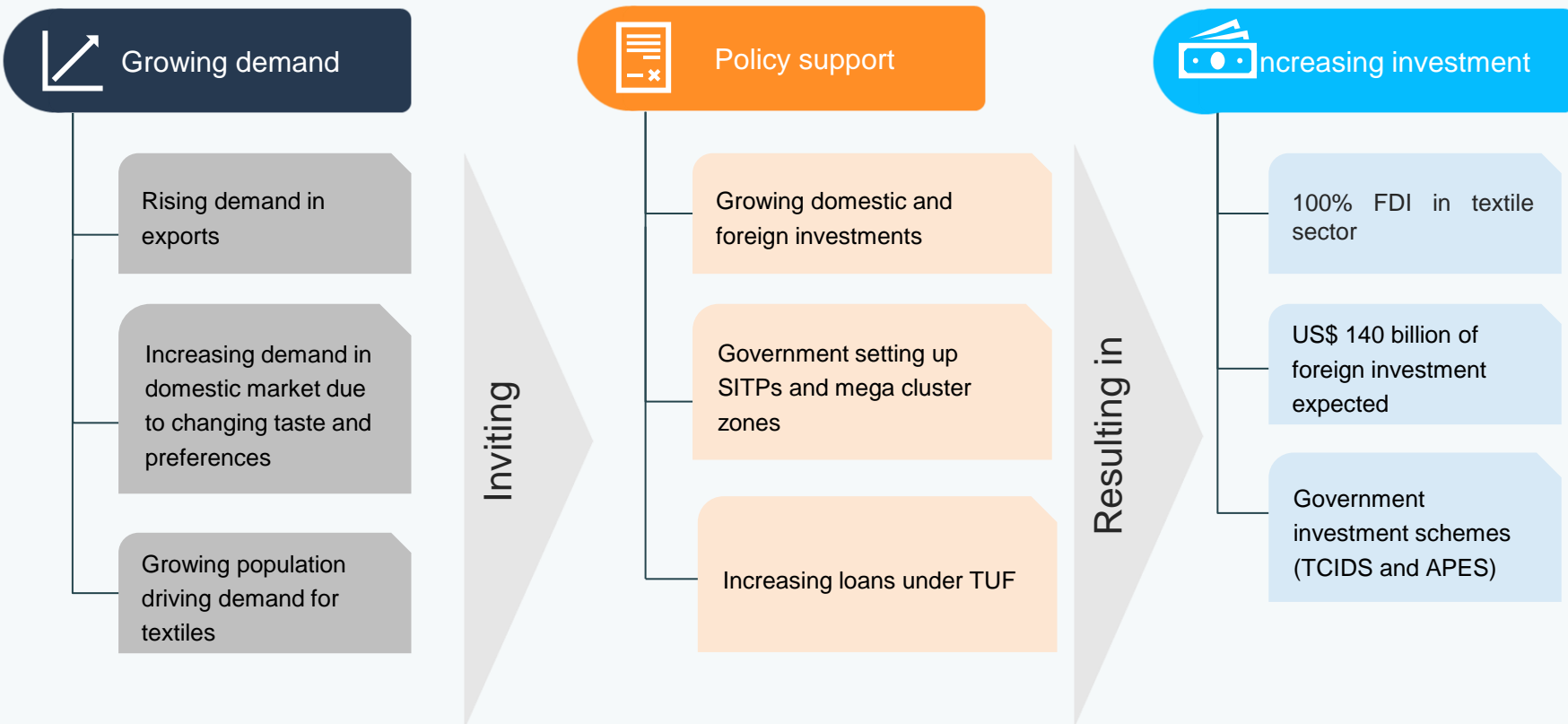
Innovations to create sustainable textiles

- Arvind Limited, the largest textile to technology conglomerate in India, and PurFi Global LLC, a sustainable technology firm that specialises in rejuvenating textile waste into virgin grade products, have formed a joint venture to reduce the quantity of textile waste dumped in landfills.
- 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

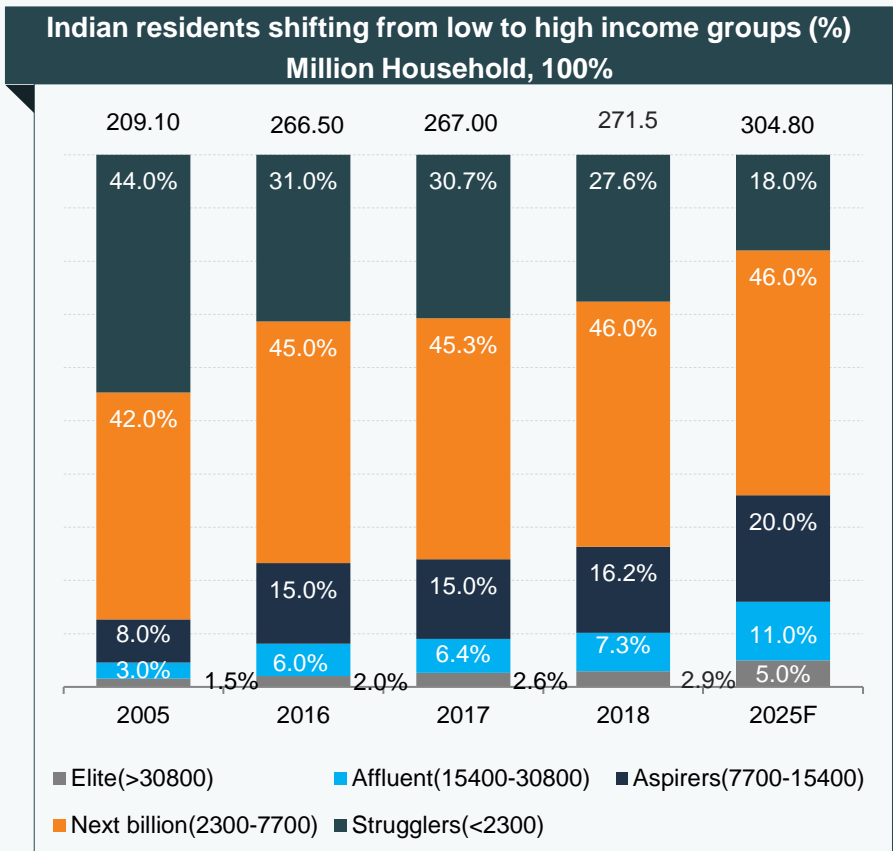
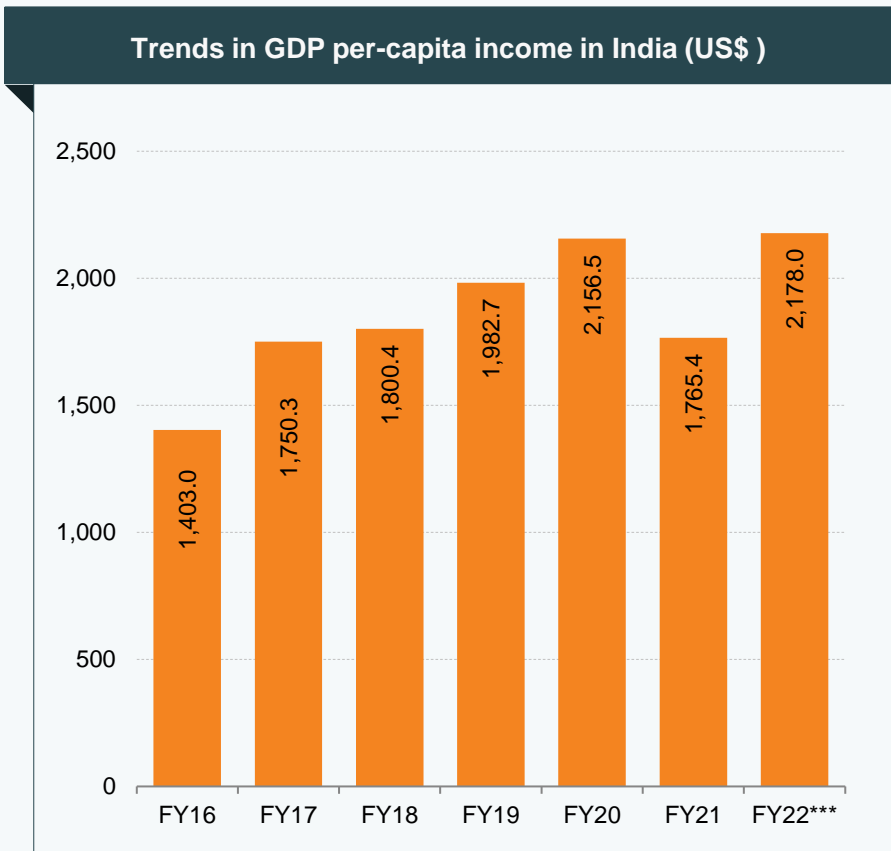


Strong fundamentals and policy support aiding growth



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



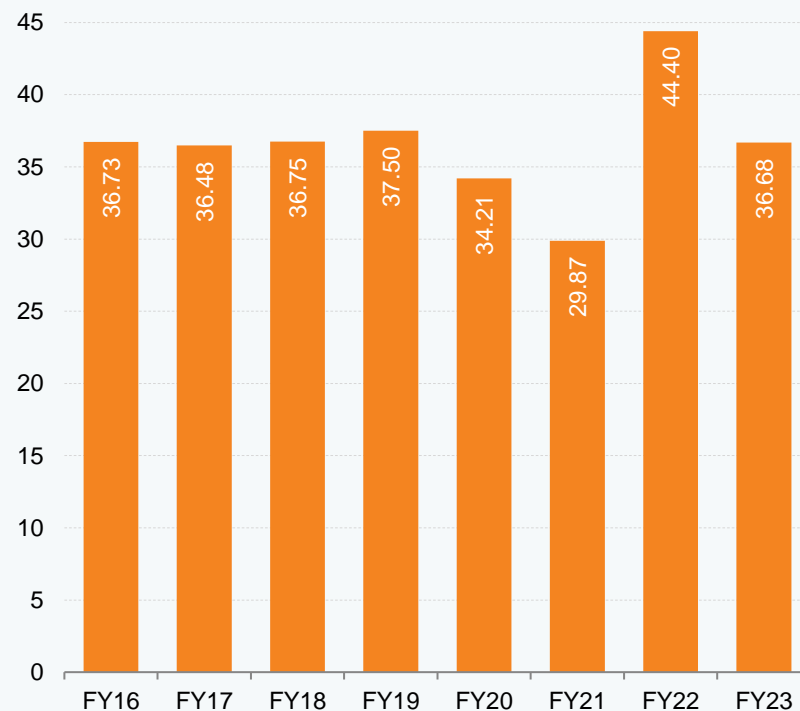
- Rising income has been a key determinant of domestic demand for the sector; with income rising in the rural economy as well. The upward push on demand from rising income is set to continue.
- Rising industrial activity would support the growth in per capita income.

Source: IMF, Mckinsey Global Institute; ***First Revised Estimates

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.
- During April-March (2022-23), the total exports of textiles stood at US\$ 36.68 billion.
- The Indian Medical Textiles market for drapes and gowns is around US\$ 9.71 million in 2022 and is expected to grow at 15% to reach US\$ 22.45 million by 2027.
- The Indian composites market is expected to reach an estimated value of US\$ 1.9 billion by 2026 with a CAGR of 16.3% from 2021 to 2026 and the Indian consumption of composite materials will touch 7,68,200 tonnes in 2027.
- 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.

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

Textile SEZs in India

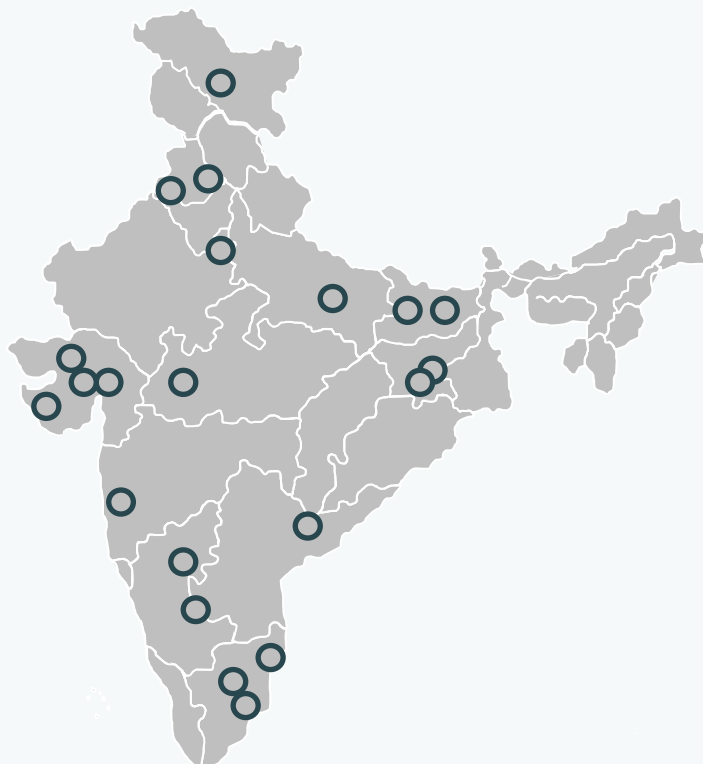
- As of September 30, 2020, India had seven exporting SEZs for textiles, apparel and wool.

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 an 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

○ Major textile and apparel zones

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

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)

- A total of US\$ 75.74 million (Rs. 621.41 crore) in subsidies was distributed in 3,159 cases under the Amended Technology Upgradation Fund Scheme, with special campaigns held in significant clusters to settle backlog cases.
- 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

- In the academic year 2022–23, the opening of a new campus of the National Institute of Fashion Technology (NIFT) in Daman. Moreover, new campus buildings are being constructed in Bhopal and Srinagar.
- Under the National Technical Textile Mission (NTTM), 74 research projects for speciality fibre and technical textiles valued at US\$ 28.27 million (Rs. 232 crore) were approved.
- For the 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.

Source: Press Releases

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 July 2023, 43 new implementing partners were empanelled under the SAMARTH scheme and an additional target of training around 75,000 beneficiaries has been allocated. 1,83,844 beneficiaries trained across 1,880 centres under Samarth.
- A total of 73,919 people (SC: 18,194, ST: 8,877, and Women: 64,352) have received training, out of which 38,823 have received placement under SAMARTH.
- In 2019, Ministry of Textiles signed a pact with sixteen states for skilling around 400,000 workers under the SAMARTH scheme.
- In November 2022, local weavers in Tuensang in Nagaland were provided 45 days of skill-upgrading training, which would equal 315 hours under the SAMARTH programme.

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

- The establishment of 7 (seven) PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks with a total investment of US\$ 541.82 million (Rs. 4,445 crore) for the years up to 2027–28 was approved by the government.
- 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

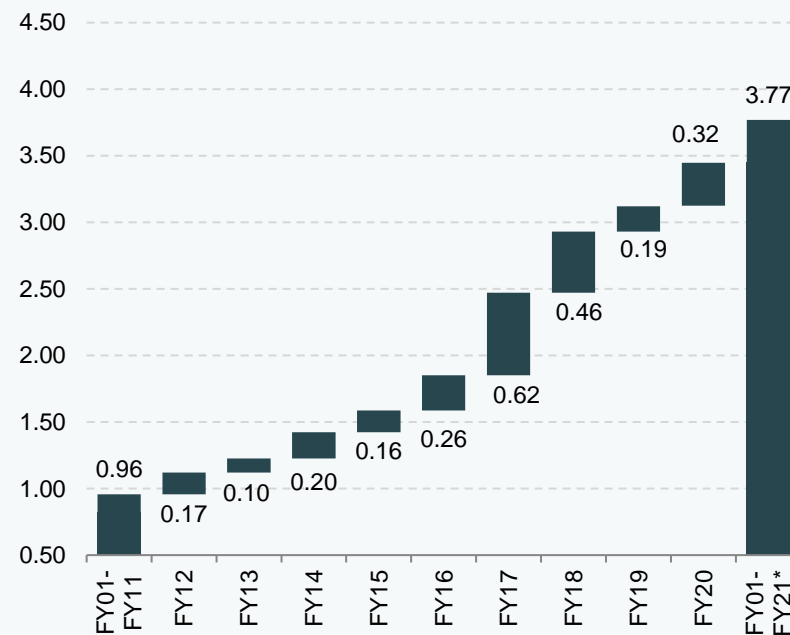
- To support the handloom weavers/weaver entrepreneurs, the Weavers MUDRA Scheme was launched to provide margin money assistance at 20% of the loan amount subject to a maximum of Rs. 10,000 (US\$ 127.72) per weaver. The loan is provided at an interest rate of 6% with credit guarantee of three years.

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\$ 4.31 billion between April 2000-June 2023.
- 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)
September 2023	Reliance Retail Ventures Ltd. (RRVL)	Ed-a-Mamma	N.A
May 2023	Aditya Birla Fashion and Retail Ltd.	TCNS Clothing	198.54
April 2023	Godrej Consumer Products Ltd (GCPL)	Raymond Consumer Care Ltd (RCCL)	339.93
April 2022	Indo Count Industries	GHCL	74.14
March 2022	Reliance Retail Ventures Limited (RRVL)	Purple Panda Fashions	115.8
October 2021	Reliance Retail Ventures Limited (RRVL)	Ritika Pvt. Ltd.	NA
October 2021	Welspun India	Easygo Textiles Private Limited (ETPL)	0.014 10.68
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

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

Opportunities



Opportunities... (1/3)

1

Immense growth potential

- In September 2023, Shadowfax inaugurated a 1.5 lakh sq. ft. fulfilment center in Surat with 10 lakh orders per day processing capacity.
- 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.

2

Silk production

- The total amount of Raw Silk produced was 28,106 MT. A total of 44 R&D projects were started, and 23 of them were successfully completed. 9,777 people were trained in a variety of activities relating to the silk industry.
- The Central Silk Board sets a 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 2023-24

- Under the Union Budget 2023-24, the government has allocated:
 - Rs. 4,389.24 crore (US\$ 536.4 million) to the Ministry of Textiles.
 - Rs. 900 crore (US\$ 109.99 million) is for Amended Technology Upgradation Fund Scheme (ATUFS).
 - Rs. 60 crore (US\$ 7.33 million) for Integrated Processing Development Scheme.
 - Rs. 450 crore (US\$ 54.99 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 the 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>The Textile Association (India) Founded in 1939</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: taicnt@gmail.com Website: www.textileassociationindia.org</p>
 <p>TEXPROCIL THE COTTON TEXTILES EXPORT PROMOTION COUNCIL (Sponsored By Government of India) AN ISO 9001 : 2015 CERTIFIED COMPANY</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: info@texprocil.org Website: www.texprocil.org</p>
 <p>Northern India Textile Mills' Association (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: nitma@vsnl.net , nitma@airtelmail.in Website: www.nitma.org</p>
 <p>SITRA 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: sitraindia@dataone.in Website: www.sitra.org.in</p>



Glossary

- 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
2022-23	78.60

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	79.82
2023*	83.09

Note: *- Until August 2023

Source: Foreign Exchange Dealers' Association of India

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