

TEXTILE



CONFEDERATION OF INDIAN TEXTILE INDUSTRY
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TIMES

VOLUME XVII, No.12

₹ 60, US\$ 4

Monthly Magazine of CITI

Nov - Dec 2021

EMERGING TRENDS IN TEXTILE INDUSTRY

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Friends, the current year reminisces me of mixed emotions, new year setting-off with Covid cases easing down, April-May-June saw coronavirus taking a heavy toll on human lives, however, with the grace of God, the situation started mellowing down by July end and thereafter things started improving at economic as well as on the social front. The Central Government and the State Governments did not look back and put-in their best efforts to control the worst-ever pandemic of the times. The Hon'ble Prime Minister and his team of Cabinet Ministers rolled out several social as well as economic measures to check the havoc wrecked by the novel coronavirus.

Keeping in the mind, the unique feature of this particular industry being the largest industrial employer, thus, forming as the strongest backbone of the Indian economy, employing the maximum number of workforce that too from the weaker sections of the society especially the illiterate and downtrodden women and the marginal poor cotton farmers, the Hon'ble Prime Minister has given special thrust to the Textiles and Clothing (T&C) Industry, by rolling out a series of pathbreaking policy measures to allow the industry to unleash its true potential to enable it to enhance its export basket, increase its global trade share and further provide ample employment opportunities to the youths of the country.

Since the year 2021 is coming to an end, I, on behalf of my industry colleagues, once again place on record my sincere gratitude to the Hon'ble Prime Minister, Shri Narendra Modi Ji and his team comprising Hon'ble Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman Ji, Hon'ble Union Minister of Textiles, Commerce & Industry, Shri Piyush Goyal Ji, Former Hon'ble Union Minister of Textiles, Smt. Smriti Zubin Irani Ji, Hon'ble Minister of States for Textiles and Railways, Smt. Darshana Vikram Jardosh Ji and Secretary (Textiles), Shri Upendra Prasad Singh, IAS and all the senior officials of the respective ministries for extending their full support towards formulating the proactive policy measures to enable the Indian T&C Industry to prepare themselves for the future challenges and maximise their wings in the new normal.

The economic indicators are showing positive signs of revival for the Indian economy. Recent data released by the National Statistical Office (NSO) shows that the GDP growth rate for the second quarter has reached 8.4%. The fiscal deficit for seven months i.e., April-October for current financial year stood at Rs 5.47 lakh crore or 36.3 per cent of the budgeted target for the whole year. The Government is expecting the GDP growth rate to be in double-digit in the FY 21-22, higher than the RBI projection of 8.5-9.5% and over 7% for the next FY 22-23. India's merchandise export is set to touch an all-time high of US\$ 400 billion during the current financial year, driven by a sharp uptick in shipments. As per the preliminary trade data, India's merchandise exports in April-November 2021 was at US\$ 263.57 billion, an increase of 51.34 per cent over US\$ 174.16 billion in the same period of the previous financial year.

On the textiles front, during April-November 2021, the exports of Textiles increased by 62.39% to reach US\$ 16.3 bn as compared to US\$ 10.1 bn in April-November 2020. Similarly, exports of Apparel increased by 37.83% to reach US\$ 9.7 bn as compared to US\$ 7.0 bn during April-November 2020. Cumulative exports of Textile & Apparel increased by 52.3% and reached a level of US\$ 25.9 bn during April-November 2021 as compared to US\$ 17.1 bn in April-November 2020.



CITI held its 63rd Annual General Meeting and 51st Annual General Meeting of CITI-CDRA on 15th December 2021 through virtual mode. I am thankful to my colleagues, past chairmen and the Committee of CITI for showing their trust and re-electing me as Chairman-CITI to take forward the unresolved agenda of the T&C Industry. I also welcome my new colleagues, Shri Rakesh Mehra Ji and Shri Ashwin Chandran Ji who have been elected as Deputy Chairman-CITI and Vice Chairman-CITI respectively. I am confident that we will work as a strong team and try to give our best to the textile industry in the coming days.

Recently, the Government has announced various schemes to encourage the T&C Industry to explore new avenues to expand its export basket. The Government is also pushing hard to conclude FTAs with UAE, UK, and Australia. The Regional Comprehensive Economic Partnership (RCEP) is a free trade agreement among the Asia-Pacific nations. The 15 member nations account for about 30% of the world's population (2.2 billion people) and 30% of global GDP (\$26.2 trillion), thus, making it the largest trade bloc in the history. It is also the first free trade agreement between China, Japan, and South Korea, three of the four largest economies of Asia. The trade pact is projected to enter force on 1st January 2022. It is being predicted that it would offer significant economic gains for signatory nations, boost post-pandemic economic recovery, as well as pull the economic centre of gravity back towards Asia. India took part in the initial negotiations but later decided to opt out. However, it has the option to join the bloc at any point of time. The Government and the Indian Inc may keep a close watch on RCEP and its economic impact on Indian trade in the coming years and must devise a proper strategy to counter its effect.

I have been consistently pursuing the unfinished agenda of the T&C Industry with the Government of India and have requested for removal of import duty on Cotton to enable the industry to have a level-playing field to compete with our counterparts. It is unnecessarily leading to a rise in the prices of raw materials especially cotton and cotton yarn for the cotton value chain. I have also requested to the Hon'ble Union Minister of Agriculture and Farmer's Welfare and Hon'ble Union Minister of Textiles to accept our proposal for implementing high-density planting technology in 90,000 villages on a pilot basis for enhancing cotton productivity to meet the growing demand of cotton for the T&C Industry. I have further submitted that on the Government's in-principle approval of our proposal, CITI will submit a detailed project report to the Government to move further in this direction.

I have also requested to the Hon'ble Union Minister of Finance for extension of Interest Equalisation Scheme for the exporters for the next 3 years, correction of inverted duty structure – Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) – in the MMF value chain for the upstream segment and reconsider the decision of increasing 12% GST rates for the cotton fabric and garments priced below one thousand which is going to be effective from 1st January 2022, among other issues.

I assure my industry colleagues and friends that I will keep working round the clock for these issues to get resolved. With this ray of hope, I wish everyone a very happy and prosperous new year 2022 ahead.

T. Rajkumar

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Reg. No. : DELENG/2004/14918

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Place of Publication:

**Confederation of
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Compilation & Design:
Sapphire

Printed by:
Kaizen Offset
3, DSIDC Complex
Okhla Phase 1, New Delhi

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Q wing to the Covid-19 disruptions, the years 2020 and 2021 have been very challenging from the business point of view. The Textile & Clothing industry was one of the worst-hit industrial sectors in India. It was only due to the proactive decisions taken by the Government of India under the visionary leadership of the Hon'ble Prime Minister, Shri Narendra Modi Ji that India could tackle the Covid-19 situation in a much better way as compared to other developed countries and Indian industries could survive the unprecedented situation.

Covid-19 has not just changed the lifestyle of people all over the world but has also reshaped the business models and accelerated the technological advancements in almost all the industries including the Textile & Clothing (T&C) Industry of India. Indian Textile & Clothing Industry is one of the most dynamic industrial sectors of India, however, it is slow towards adapting to the latest emerging technologies as compared to our peer countries particularly China, Bangladesh, and Vietnam.

In today's smart manufacturing environment, the T&C Industry is facing many challenges on various fronts, such as, technological upgradation, skilled workforce, highly developed infrastructure, quality raw materials at an affordable prices, efficiency, sustainability, and quick response to clients' dynamic requirements as well as product quality, short lead time, high factor costs, low productivity levels, regulatory compliances, etc. The advent of fast fashion has interrupted the industry by increased demand for quick production and frequent changes in the product lines. To cope up with these challenges and optimize costs and resources and remain competitive among peers, it has become essential for the T&C Industry to understand and capitalize on all possible aspects of digitization, automation, and innovation. The global T&C Industry had taken a paradigm shift with the advent of technology, usage of big data analytics, robotic automation, and usage of the internet in the management of this industry. Hence, the industrial ecosystem and global sustainable business trends, and consumer-driven economies have put a lot of pressure on the industry to become more and more sustainable, innovative, and agile because consumers especially the youth of today are more aware of technology and willing to pay more for eco-friendly products. The companies which will innovate will survive and digital technologies will facilitate new business models.

Covid-19 pandemic has resulted in broken value chains, shifting customer demands, and purchase patterns leading to a disconnected demand and supply. The prevailing circumstances will force customers to rethink their purchase requirements and shift to a contactless mode of deliveries which is going to become a new normal in the coming days. Covid-19 pandemic has necessitated the need for rapid digitization of traditional retailers coupled with the shifting of customer segments and purchase preferences and the need for innovations in the artificial intelligence space.

Innovation is the new buzzword in the industrial and manufacturing sectors globally and becoming a prerequisite for every industry to do new things and to remain competitive and adopt innovative models to enhance their



productivity and efficiency globally. The renowned companies have become successful by continuously evolving their systems and processes to not only meet the ever-changing demand of consumers but also by introducing newer and better products. The aspects of smart manufacturing and adoption of the latest and smart technology have so far been neglected by the Indian Textile & Clothing companies and only a handful of large and organized companies followed the systematic procedures for manufacturing and focused on incorporating modern technology into the system.

There is a need for the Indian Textile & Clothing Industry to shift to Industry 4.0 which will enable the T&C Industry to gather and analyze data, manufacture quality goods at reduced costs, promote better practices across the supply chain, and will create a convenient retail experience for customers among many other usages. There are many emerging manufacturing trends such as customized manufacturing, 3D manufacturing, on-demand manufacturing, cluster factors, customer-centric approach, artificial intelligence, advanced raw materials and green textiles., which Indian companies need to adopt for their future growth. Sustainability and Transparency will be the key factors for consumers and will consequently drive business growth in the coming time. The Textile Sector can be made future ready through pioneering "blockchain technology" to provide "real-time end-to-end" traceability of the origins of the product and entire value chain and it could prove to be Industry's USP in terms of competitiveness at the top-end of high value-added products.

Indian Textile & Clothing Industry has immense potential to deliver on the technological adaptability as the Indian companies have requisite strength in terms of availability of raw material and manpower, large industrial market, domestic market, and presence of the complete manufacturing value chain. In terms of marketing, E-Marketing is another emerging tool which is not only flexible but also cost effective. It is proving beneficial in improving awareness about sustainability products, eliminate consumer mistrust, and make available environmentally friendly products at the doorsteps of the consumers.

With 100% FDI allowed in the Textiles sector under the automatic route, the recently announced historic policy decisions by the Government of India like the Production Linked Incentive (PLI) Scheme and 7 PM-Mega Integrated Textile Region and Apparel (PM-MITRA) Parks will pave way for the establishment of big Textile & Clothing products manufacturers in the country. The Ministry of Textiles has also set an ambitious target of US\$ 350 bn market size including US\$ 100 bn exports by 2025-26. There is a dire need for the Indian Textile & Clothing Industry to adopt the emerging new technologies and also work together in tandem with the Government for the progressive development of the Indian Textile & Clothing Industry. At the end, I wish everyone a very happy and prosperous New Year 2022 ahead in advance.



EMERGING OPPORTUNITIES FOR APPAREL SECTOR



Dr. A Sakhivel

Chairman, Apparel Export Promotion Council (AEPC)

With proactive government and rising global demand, India's textiles and apparel sector is heading for a bright future. The sector has picked up in 2021 and will come close to the export target of \$20 billion set by the government for financial year 2021-22.

The month-on-month performance shows that the industry has picked up from a double digit decline in the first quarter to a 20.3% and 13% growth respectively in the last 2 months. Years 2020 and 2021 have taught the industry to work under uncertainties.

The global apparel demand has soared up this year and is expected to rise in 2022 as well. India is the sixth largest exporter of textiles and apparels in the world. The share of textile and apparel exports in India's overall exports was 11 per cent in 2019-20.

The US-China trade war is also expected to go in favour of Indian exporters. The US banned import of cotton and cotton products from the Xinjiang region of China early this year on human rights concerns. Demand for cotton products from India is likely to rise.

To take advantage of the growing positive sentiment towards India, the Apparel Export Promotion Council (AEPC) identified top 20 apparel products that were imported by the US from China, and shared the details

with Indian apparel exporters with an aim to capture the new market.

Under dynamic leadership of Hon'ble Prime Minister Shri Narendra Modi, the Central government has come up with hordes of investment friendly initiatives that would help the sector to increase its annual exports to over \$100 billion in the next few years.

The sector, which is the second largest employment generator in the country, alone will play a major role in realizing the vision of Aatmanirbhar Bharat. Some key initiatives rolled out by the government recently to boost the textiles and apparel sector are:

Production Linked Incentive (PLI) scheme

The recently launched PLI scheme for manmade fibre (MMF) segment and technical textiles will prove to be a game changer for the Indian textile industry and will transform India's growth story.

I sincerely thank our Hon'ble Prime Minister, Hon'ble Minister of Commerce & Industry and Textiles Shri Piyush Goyal and Hon'ble Minister of Finance Smt Nirmala Sitharaman for accepting our recommendation to initiate the PLI scheme for MMF.

The investment-oriented scheme of Rs 10,683 crore for MMF and technical textiles will help enhance the scale and competitiveness of India's apparel manufacturing with global quality and efficiency. It will attract large scale investment with cutting-edge technology and make India an integral part of the global supply chain. It will develop a new ecosystem for a self-reliant India.

The PLI scheme will make India a major player in the global textile value chain with focus on high value MMF products. Besides, it will promote industrial development in backward regions of the country.

India has an abundant supply of MMF fibre and yarn but we do not have enough production of quality MMF fabric. The scheme will strengthen the Indian manufacturing capacity of MMF fabric and will thus increase the share of MMF based garments, which is currently 20 per cent of the total apparels produced in India. With improvement in the MMF segment, the Indian apparel exports will double in the next three years.

The AEPC took up several initiatives to promote MMF garments. The Council carried out a detailed identification of HS code wise MMF products, potential markets, competitors, sources for MMF fabrics and investors. We also provided details of the machine manufacturers and MMF HS Codes for identifying investment opportunities and investors to improve the production of MMF garments in India.

We have hired a dedicated resource and set up a cell for facilitation. The cell has contacted various MMF fabric manufacturers based in South Korea, Taiwan, Vietnam and China for initiating joint ventures with them for manufacturing of these fabrics in India.

The Council also initiated collaboration with Reliance Industries Ltd (RIL) and Grasim Industries for manufacturing MMF fabrics that are not produced in India. Fabric samples have been collected from relevant MMF exporters and sent to RIL for manufacturing the fabrics for the benefit of the exporters.

Prime Minister Mega Integrated Textile Region and Apparel Parks (PM-MITRA) scheme

Another landmark Rs 4,445-crore PM-MITRA scheme is expected to change the face of Indian textile industry. Seven world-class integrated textile parks would be set up across India helping position the country strongly on the global textiles map.

It will help Indian companies emerge as global champions and boost textile and apparel exports. The seven MITRA parks will attract both foreign and

domestic investments in the sector and make it globally competitive. It will help India regain its global leadership position in the textile industry while creating lakhs of jobs. I am confident that it will help the textiles sector increase its annual exports to over \$100 billion in the next few years.

India has all the players from farm to fashion but has been lagging behind in global apparel trade due to certain factors that have now been addressed. MITRA Parks will bring together all players of the textile value chain in one place. It will help cut down both logistics costs and delivery time.

Logistics

Year 2021 saw severe logistics challenges as the prevailing system of buy-back by shipping companies traveling from Asia to Europe did not happen. With the majority of European Union ports closed, the vessels had to return empty after delivering goods at these ports, leading to escalation in freight costs. However, this challenge has been universal and just not limited to India.

The Department of Logistics, Government of India, along with the stakeholders has been holding regular meetings to resolve the issue. We are hopeful that the issue will be resolved by the first half of 2022.

On the domestic front, the Centre has also been making efforts to cut down the logistics costs to stimulate growth, make Indian products competitive and boost exports. The Government of India is planning to cut logistics costs by five percentage points over the next five years from the current about 14% of Gross Domestic Product (GDP).

High logistics costs have been a major hindrance to India's growth and it has greatly affected the competitiveness of the country's exports. India is the world's fifth largest economy by nominal GDP and is one of the fastest growing economies globally. Efficient logistics is important for a growing economy like India. The reduction in logistics costs will be a key enabler in enhancing the competitiveness of all sectors of the Indian economy.

The AEPC has been raising the issue of high logistics costs terming it as one of the key challenges for apparel exports. The Council has been seeking policy intervention and infrastructure creation to resolve the issue.

The Government of India has taken various initiatives including infrastructure and regulatory reforms to improve the logistics ecosystem in the country. Some of the major infrastructure development initiatives are

Sagarmala, Bharatmala and Dedicated Freight Corridors. These projects are under different stages of implementation.

Besides, regulatory and process related reforms like paperless EXIM trade process through E-Sanchit, faceless assessment through Turant Customs and introduction of mandatory electronic toll collection system (FASTag) have contributed to increasing the efficiency of the logistics sector.

The Government has also envisaged an investment of over Rs 100 lakh crore on infrastructure over the next five years under Gati Shakti programme, a national master plan for multimodal connectivity. Gati Shakti is expected to boost India's exports, as it will improve global competitiveness of local products by cutting down the logistics costs and improving the supply chains. It will also ensure proper linkages for local industry and consumers.

Other Initiatives

Along with PLI, PM-MITRA and initiatives to improve logistics, the Government of India has taken several other measures to boost the textiles and apparel sector. **Some of these steps are:**

RoSCTL Extension: The Rebate of State and Central Taxes and Levies (RoSCTL) has been extended till 31 March 2024 to provide relief to exporters of apparel, garments and made-ups. Continuation of RoSCTL for apparel, garments and made-ups is expected to make these products globally competitive by rebating all embedded taxes/ levies which are currently not being rebated under any other mechanism.

RoDTEP Scheme: The Remission of Duties and Taxes on Exported Products (RoDTEP) is another key driver to enhance India's exports and make them globally competitive. The government has notified RoDTEP scheme rates and guidelines on 17 August 2021. RoDTEP is one such reform, based on the globally accepted principle that taxes and duties should not be exported, and taxes and levies borne on the exported products should be either exempted or remitted to exporters.

New Foreign Trade Policy (FTP): The Government of India is working to come out with a new foreign trade policy with an aim to make India a leader

in the area of international trade by boosting exports and domestic manufacturing and reducing trade deficit. Free Trade Agreement (FTA) strategy is also being revamped in a bid to ensure that treaties provide economic and strategic benefits.

Revision in MSME Definition: The decision to expand the definition of a Micro, Small and Medium Enterprise (MSME) unit will strengthen the MSME sector and help increase exports. The sector is crucial to India becoming self-reliant. Further, the decisions to allow MSMEs get listed and the provision of distressed asset funds for MSMEs will give a major stimulus to the apparel sector, job generation and revival of the economy.

ECLG Scheme: The government also expanded the Emergency Credit Line Guarantee Scheme (ECLGS) by Rs 1.5 lakh crore to provide much needed relief to the MSMEs and businesses. Under the expanded scheme, the limit of admissible guarantee and loan amount has been increased above the level of 20% of outstanding on each loan. The overall cap of admissible guarantee is raised from Rs 3 lakh crore to Rs 4.5 lakh crore.

FTAs to drive exports :

The apparel industry is enthused with the fast tracking of several FTA negotiations. Fast tracked FTAs can give India a level playing field in these markets. Industry is looking forward to the UAE FTA, that is expected to be formalized by early next year, for opening up of the market of one of India's largest apparel destination.

Indian apparel has been facing duty disadvantages against competitors in the major overseas destination. India's exports face a duty disadvantage of 9.6% for exports to EU and UK vis-à-vis exports from other countries like Bangladesh, Cambodia, Turkey, Pakistan, Sri Lanka etc. Similar disadvantages with Canada (17.5% differential vis-à-vis Bangladesh and Cambodia) and Australia (Bangladesh, Cambodia & China have zero duty access to Australia and India faces duty of 5%) make India's exports uncompetitive in these markets. APEC has been recommending for early formalization of these FTAs.

Latin American countries including Brazil has been a high potential region for apparel exports. But a high tariff rate of 35% in these countries is detrimental to enhance our exports. A fast-tracked India- Mercosur FTA, can increase Indian exports in this Region.

Challenges in 2022

Uncertainty is looming over the textile business in 2022 due to the early signs of Omicron indicating new challenges that may come up. As per reports, European nations, including the UK, South Africa, Brazil, Botswana, China, Mauritius, New Zealand, Zimbabwe, Singapore, Hong Kong and Israel have been listed as 'at risk' countries. With such important apparel destinations at risk, the trade may get impacted in the coming months. Extent of disruption due to Omicron cannot be predicted right now. What will be its impact on the textile industry can only be known in the future.

Rising cost is another concern that is presently prevailing because of logistics and raw-material issues. However, if the Omicron impact doesn't turn out as disastrous as it is being assumed, growth will be tremendous in our industry.

Way Forward

The apparel industry as well as AEPC are learning to live with these new challenges and uncertainties. The AEPC is strengthening its virtual platform for exhibiting Indian apparels to foreign buyers and is hosting a series of virtual B2B meetings in collaboration with Indian missions abroad. We have been organizing virtual B2B meetings to explore new markets and strengthen existing ties. We are already witnessing a strong revival of apparel exports and I am sure the sector will play a big role in India's growth story.

Besides this, the FTAs offer a huge opportunity for expansion. I call upon the industry to avail of these opportunities and work hard to achieve the targets set for textile and apparel exports.

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Manoj Sharma, Joint Secretary
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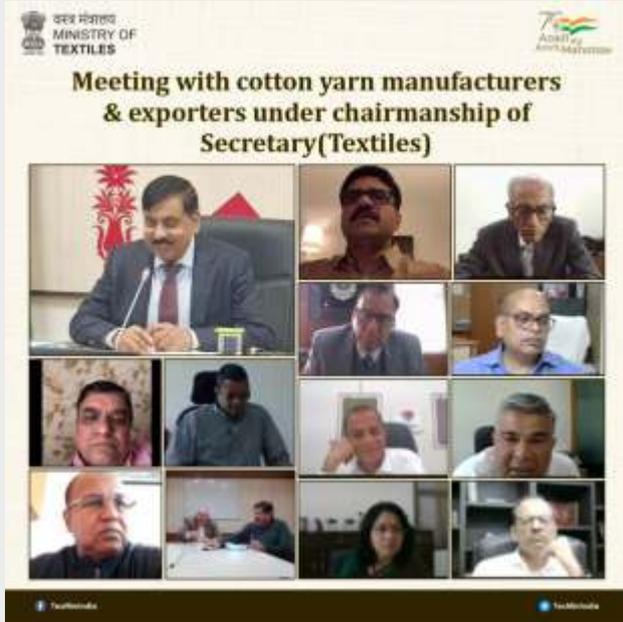
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MAJOR ACTIVITIES OF CITI

Interactive Meeting under the Chairmanship of the Secretary (Textiles) with the Cotton yarn manufacturers/ Cotton yarn exporters to discuss cotton yarn prices held on 8th December 2021



Meeting to discuss Anti-dumping Duty on Polyester Spun Yarn under the Chairmanship of Secretary, Ministry of Textiles held on 8th November 2021



Hon'ble CM of Tamil Nadu releasing Superior quality cotton developed by SIMA CDRA



Hon'ble CM of Tamil Nadu releasing Superior quality cotton developed by SIMA CDRA (Equivalent to PIMA/Giza) on 23rd November 2021 at Codisia Trade Fair Complex, Coimbatore at the Tamil Nadu Investors' First Conclave.



EMERGING TRENDS IN TEXTILE INDUSTRY



Mr. Manoj Kumar Patodia

Chairman, The Cotton Textiles Export Promotion Council (TEXPROCIL)

The Textile industry occupies a pride of place in many countries across the world including in India. It not only meets the basic needs of all human beings to clothe themselves but is a significant source of livelihood as it provides large scale employment and incomes by promoting inclusive growth.

Cotton has been known to mankind since ancient days. Synthetic materials like polyester and nylon were commercialized in the early 60's, creating new possibilities for consumption by the new generation. Now, the confluence of new technologies discovery of new fibres like hemp, linen and changing consumer preferences are opening up incredible opportunities for the entire textile supply chain encompassing farm, fibre and fashion.

Trends in Global Textile Industry

As we progress in the modern era, the global textile industry continues to evolve in order to meet the needs of the new market. The newer developments in technology, use of advanced raw materials, domestic sales, green textiles and environmental sustainability, are adding luster to the textile sector by identifying newer applications.

Today, systems using artificial intelligence are breaking the barriers of traditional textiles to pave the way for functional textiles. The integration of the technologies with clothing, accessories, upholstery, or industrial technical textiles provides higher user-comfort and enables their seamless use in everyday activities.

The emerging trends have positively influenced the growth of trade attractiveness of the textile industry. This is also leading to an investment spur, across all the textile segments in leading textile producing countries.

Indian Textiles Sector

The textiles sector in India is one of the mainstays of the national economy making significant contributions to the country's total export basket and continues to be a major foreign exchange earner.

Being labor intensive, the sector is also the second largest employer, next only to agriculture, providing employment opportunities across the textile value chain. Along with its traditional strengths, the growing thrust on technology has contributed to significant developments across spinning, weaving and "cut and sew" segments of the Indian textiles and clothing sector.

Analysis of Trends

The Indian textile industry is one of the most admired segments across the world. All the major indicators of performance such as installed capacity, production, consumption and so on have been on the rise and depict a promising trend in the coming years.

Some of the trends seen in the Indian textile sector in recent years are summarized below:

1. **Modernization:** In recent times, benchmarking, HRD, best management practices, quality certifications have attained importance in the textile industry. While these aspects gained in importance initially in the organized sector, they are also being adopted in the unorganized decentralized sector, thereby leading to all round development of the sector.
2. **Consolidation trends in the Decentralized Segment:** The proliferation of SME units in the country has helped to meet the demand for made to order fabrics (often in smaller lots). This has raised the prospects for textiles produced in the decentralized sector with rising levels of productivity.
3. **Capacity Building:** The Indian textile industry as a whole is beset with the problem of excess capacity with the presence of a large number of players in each sector, none of whom is large enough to stimulate demand. For example, the excess capacity in fabric production can be seen from the gap between the per capita availability of around 31 sqm of cloth and the per capita consumption of 20 sqm of cloth.
With rising demand and enhanced consumption including the needs of “fast fashion”, the idle capacity should be put to good use.
4. **Foreign Trade:** India is one of the world's largest manufacturers and exporters of textile products. The country's entrepreneurial talent and efforts of our exporters to diversify into new markets have started showing positive results. India now exports textiles in all its forms to over 180 countries.
5. **Competitiveness:** The recent trends like relocation of production and sourcing and China "plus one" strategy adopted by many nations across the globe has helped to attract investments across the supply chain of the Indian textile industry. The industry on its part, in order to meet the globalisation standards, has shown greater inclination towards building competitiveness not only in terms of price but also in terms of quality. This can be gauged from the reports that a large number of the global brands have commenced to source from India or have outsourced manufacturing to the country.
6. **New Age Marketing:** E-marketing is the most immediate, flexible and cost-effective marketing

tool available in business, today. Businesses are increasingly embracing the Web not only as a tool but as a platform; as a way to do business in this day and age.

In India, E-marketing is helping to improve awareness about sustainability products, eliminate consumer mistrust, and make available environmentally friendly products at the doorsteps of the consumers.

Many aspects of marketing like designing, sampling, conformity to technical details and regional language interface have replaced the traditional ways and contributed to significant reduction in use of resources and delivery time required for execution of orders.

Government Support

The Indian government has come up with a number of export promotion policies for the textiles sector. It has also allowed 100 per cent FDI in the Indian textiles sector under the automatic route.

Some of the recent measures taken by the government to reduce interest rates and liberalize labour laws and the industry friendly bills are expected to augment investment in the manufacturing sector including in the textiles industry.

The announcement of the PLI and MITRA Schemes are expected to be “game changers”.

At the State level also, industry-friendly textile policies have been announced by the States, creating a competitive investment climate. States are also improving coordination with the Central administration by creating Centres of Excellence (CoE) for enhancing R&D and Innovation efforts along with adopting schemes like One-District-One-Product (ODOP) for increasing the sales of GI (Geographical Indicator) products identified within their regions.

Under the initiatives like Government e-Marketing (GeM) portal, coordinated efforts are being planned and executed with online sellers like Flipkart and Amazon for supporting the marginalized handloom weavers to bridge the missing linkages between market intelligence, market access and logistics and helping the Indian weavers in getting remunerative prices for their products.

Strategic Interventions

In India, while the policy thrust has been towards positioning ourselves as a 'manufacturing hub', it must be accompanied by simultaneously developing 'trading' or 'services' hub models by better facilitating last mile value conversions, commercial operations and logistics services.

Make the Difference



C 72 Proven 1.5-m carding technology

The card C 72 relies on the proven working width of 1.5 meters and 32 active flats. The precise guiding of the flats and the selective extraction of waste and trash enable excellent raw material utilization.

While investment models like 'bonded warehousing' and 'off-shoring' are already available in India, the country still lacks the scale of operations due to its yet to mature infrastructural facilities and lack of integrated logistics operations that offer "end-to-end" solutions to global brands.

Some of the other suggestions to improve global trade prospects for the Indian T&C sector can be summarized as follows:

- i.) Manufacturers in textiles & clothing should be encouraged to make their manufacturing plants integrated and compliant with international standards. Simple and user-friendly schemes need to be introduced for modernization and capacity enhancement.
- ii.) Technological advancement is required to be really effective in the export markets. To achieve this, manufacturers should feel encouraged to enter into partnerships (including joint ventures) and distribution agreements and adopt franchising models with leading textiles & clothing companies in other countries who can bring technology into the country.
- iii.) With global brands keenly aligning themselves to Sustainability Development Goals, the industry in close cooperation with the Government should promote usage of renewable energy thereby reducing carbon footprints in the T&C sector. Already the industry is using Wind and Solar power. Government should also incentivize the use of "green energy" modules in keeping with the recently concluded COP-26 goals.
- iv.) The TUF Scheme has served the industry well excepting that over the years, the procedures instead of being simplified became more complicated! With the scheme coming up for review in March 2022 there is a need to extend it with framework that reimburses the subsidies in a fast and time bound manner so as to gain investor confidence and attract large scale investments.
- v.) As the government is inviting large scale investments under PLI & MITRA schemes, it is important to make sure that raw materials are available at par with international prices. Hence, anti-dumping duty should be imposed in the "rarest of rare" cases on any type of textile raw material, as it affects the production of value-added textiles.
- vi.) Upstream and downstream sub sectors of the entire T&C value chain should work towards seamlessly integrating by balancing installed capacity to fully utilize domestically available raw material. Using Artificial Intelligence (AI), applications mapping the available capacities in the Textile sector are being developed which

should be subscribed to by companies so that optimum utilization of installed manufacturing capacities can be done and any misallocation and mismatch of manufacturing capabilities can be identified.

- vii.) Indian companies should not only scale up their operations but strive to develop "brands" for their products. While "localizing global brands" in India is rising steadily, there is the need for a concerted effort to "globalize and regionalize Indian brands" and also develop "mid- segment and mid- sized" brands. Towards this end, the unveiling of the "KASTURI" brand of Indian cotton is a step in the right direction.
- viii.) FTA negotiations especially with EU, UK, Canada and Australia are already being fast tracked and if concluded early will provide the much-needed impetus to export growth as these markets have good potential for T&C products.
- ix.) Further the Government is also concluding an FTA with the UAE which has emerged as an "entrepot" for all types of goods and services. With the development of a rapid "trade corridor" between India and UAE, Indian textile companies will get a "gateway" to many hitherto restricted markets.

Way Forward

In the coming years, sustainability and transparency will be key factors for consumers and consequently drive business growth.

The T&C sector can be made future ready through pioneering "blockchain technology" to provide "real-time end-to-end" traceability of the origins of the product and entire value chain.

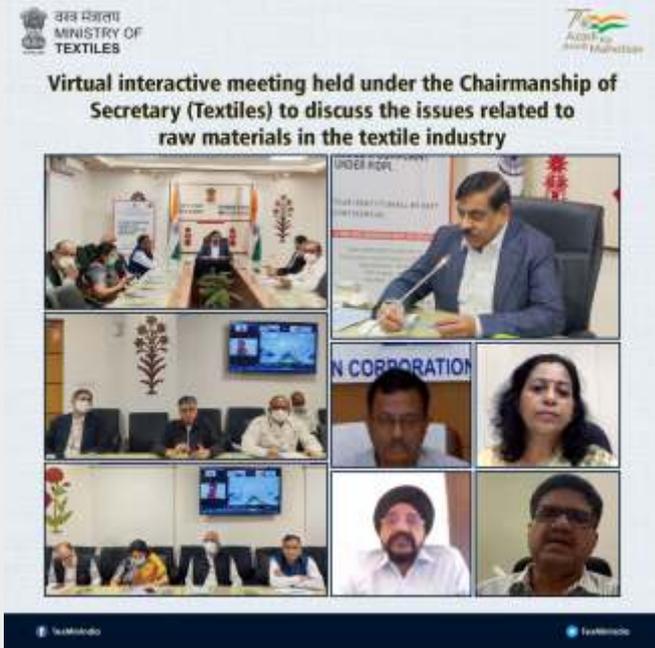
This could become the Industry's USP in terms of competitiveness at the top-end of high value-added products.

To begin with, the Government should consider creating a group of key stakeholders from the industry and trade to prepare a pilot project for blockchain solutions that could start tracking the product origins from farm/ factory to fashion.

Finally, the principles of promoting fairtrade, sustainable manufacturing practices and smart distribution systems need to be incorporated at the core of the country's Textile and Clothing policies. These can ensure success in not only improving India's share in world T&C trade but also attract investments from across the globe, thereby significantly contributing to the growth of the country's economy.

MAJOR ACTIVITIES OF CITI

Virtual Interactive Meeting under the Chairmanship of the Secretary (Textiles) to discuss the issues related to raw materials to the Textiles & Clothing Industry held on 8th November 2021





TEXTILE & CLOTHING INDUSTRY: RECOVERY AND RENAISSANCE



Mr. Navdeep Singh Sodhi
Partner, Gherzi Textil Organization

The international textile and clothing demand in 2021 was characterized by a strong recovery across the entire value chain with retail sales being the engine of growth. The supply side was impacted by disruptions and high price of raw materials coupled with erratic logistics and high cost of transportation. Textile companies showed increased appetite for investment in growth and diversification. The prevailing situation was summed up in the ITMF November survey of member companies across the industry, which expect, on average, “a more favourable business situation in six months' time (May 2022)”. The main question on everyone's mind is whether the recovery is ephemeral or points to a sustainable medium- term trend. This article examines the key emerging trends which are expected to have an impact on the textile value chain in the short, medium and long run.

The holiday season sales in Western countries is the bellwether of consumer confidence. According to the latest figures released by the US National Retail Federation, “despite economic headwinds, November retail sales data confirms that consumers continue to spend, as demonstrated by a 14 percent increase in sales year-over-year.” Notably, the recovery of sales was led by increases at clothing, sporting goods and

Retail Sales

**"Despite economic headwinds,
November retail sales data
confirms that consumers
continue to spend."**

US NRF President and CEO Matthew Shay

furniture stores. Clothing and clothing accessory stores were up 0.5 percent month-over-month seasonally adjusted and up 35.3 percent unadjusted year-over-year. The cumulative sales of clothing and clothing accessories during the 11-month period Jan-Nov 2021 were 51% higher at \$260 billion (US Census Bureau).

The top 5 international fashion retailers and brands have reported a definitive recovery of retail sales in 2021 at par with pre-COVID levels. Inditex Group revenue for the nine-month period (Feb-Oct 2021) in the current FY reached €19.33 bn, up 37% YoY, accompanied by a record gross margin of 59%.

Table 1: International fashion retail trends (Top 5)

	Revenue (FY 2021)	% Increase (YoY)
Inditex	€ 19.33 Bn	37% Increase for 9 months FY 21 and 10% increase over corresponding period in 2019
H&M	SEK 199 Bn	6% increase entire FY 21
Fast Retailing	JY 2,132 Mn	+6.2 % for 9 months FY 21)
Gap	\$12.1 Bn	29% increase for 9 months (FY 21)
L Brands (VS&Co)	\$4.6 bn	39% increase for 9 months (FY 21)

Source: Company reports; Figures are for the reported period on quarterly basis

World trade in T&C and sourcing shifts

According to the latest figures available from WTO, the world merchandise trade continued to expand in the last 4 consecutive quarters. YoY growth reached 11.9% during the three quarters (Jan-Sep). The forecast for the whole of 2021 is 10.8%.

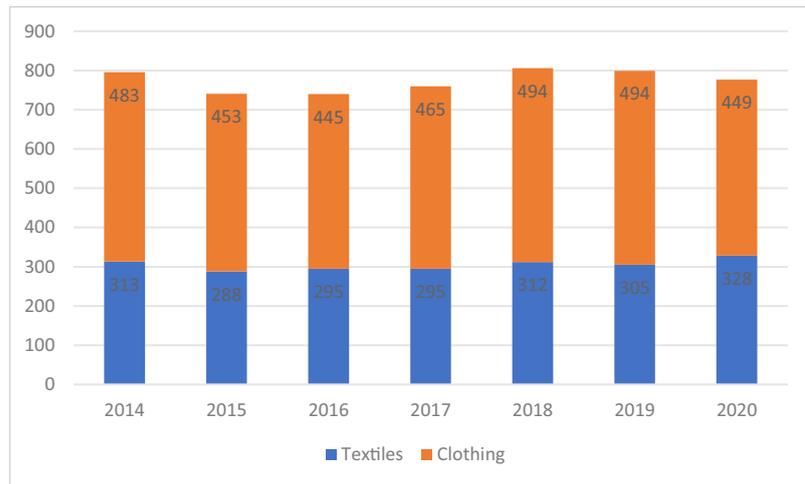
World trade in T&C declined in 2020 to \$777 bn from a peak of \$806 bn in 2018. Trade in apparel was particularly affected although the textile trade actually registered an increase thanks to massive demand for surgical masks and PPE articles.

“Despite strong headwinds contributing to the decline in the third quarter, trade volume was still up 11.9% for the year-to-date through September.”

WTO

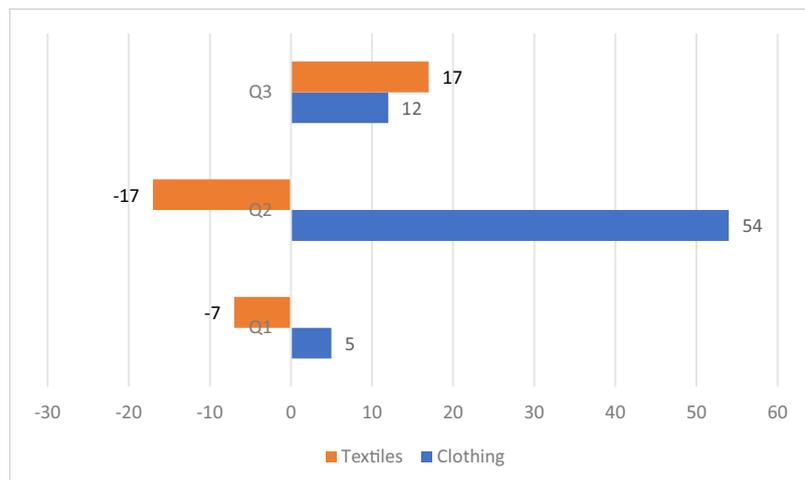
In 2021, there was a recovery in apparel trade showing a growth in all consecutive quarters. World trade in apparels surged 54% YoY in the third quarter. The category of textiles includes surgical masks and PPE which surged in the pandemic. The higher baseline for these articles may explain their decline in the third quarter (WTO).

Exhibit 1: World trade in T&C (\$ bn)



Source: WTO

Exhibit 2: Year-on-Year Growth of world trade in T&C (%) 2021



Source: WTO (% changes in quarterly values in \$)

Most T& C countries have registered a significant recovery in exports during 2021.

- **China:** exports of T&C increased 7.7% YoY to \$285 bn (Jan-Nov 2021) whereby clothing exports increased by 25% and textile exports decreased by 7.5%(CCFEI) - the latter could be attributed mainly to the expected decline in PPE exports in the current year.
- **India:** exports of T&C during Apr-Oct 2021 reached \$ 24 bn and expected to touch pre-COVID 19 levels during the current fiscal year. In 2020-21 the exports were \$ 31 bn as against \$ 34 bn in 2019-20. In the recent years, the highest level was achieved in 2018-19 at \$ 37 bn.
- **Bangladesh:** RMG exports recovered in FY 2020-21 (July-June) however yet to revert to pre-COVID 19 level. RMG exports in 2020-21 were \$ 31.4 bn against \$ 27.9 bn in 2019-20 and \$ 34.1 bn in 2018-19(BGMEA). Bangladesh benefits from shift in sourcing from China.
- **Pakistan:** January-October exports of US\$14.0 billion were 35% higher compared to same period 2020 and 24% above pre-crisis period
- **Vietnam:** Exports of T&C in the ten-month period (Jan-Oct 2021) was \$ 33 bn marking a 39% increase YoY. This included Yarn exports of \$ 4.5 bn.

US T&C imports during Jan-Oct 2021 were 25% higher YoY at \$93 bn. However, considering that the US imports were \$128 bn in 2019, this year will be still below pre-pandemic level. There was also a shift in sourcing origins with Turkey, India and Pakistan making significant gains to the determinant of Viet

Nam. China's share in the US imports shrank from 34% in 2019 to 28% in 2021 whereas India's market share increased from 7% in 2019 to 8% in 2021. Notably, in 2015, China's market share was 38% visa-a-vis India at 6%. Bangladesh too gained territory in 2021 (6% market share in 2021 vis-à-vis 5% in 2019). Bangladesh benefits from shift in sourcing from China.

EU-27 imports of T&C recovered in the 10-month period with imports reaching \$ 61 bn (Jan-Oct 2021) compared to \$79 bn for 2021 (full year). However, the recovery will still not be at par with pre-pandemic level of \$95 bn in 2019. The sourcing was characterized by three trends. Near shoring from Turkey and Morocco gained preference with the former's competitiveness clearly boosted by the devaluation of Lira. Bangladesh and India benefited due to diversification from China. Cambodia lost its preferential market access whereas the political turmoil in Myanmar also led to diversion of order.

Textile consumption

According to ICAC, the world fibre consumption (end-user level) is predicted to increase from 95 million tons to 103 million tons at par with pre-pandemic level in 2019. This is in tandem with the forecast of recovery in world GDP from (-)3.1% in 2020 to 5.9% in 2021(IMF). The textile demand of 13.12 kgs at per capital level (2021) would however barely reach pre-COVID 19 level of 13.40 kgs recorded in 2019. Textile demand is growing at a long-term average at 2.3% CAGR. It has expanded on a consistent basis except a shrinkage post-2008 recession and during the outbreak of COVID-19 pandemic. The major growth of textile consumption will come from developing Asia (5% CAGR) due to favourable demographics and economic growth. The long-term shift towards non-cotton fibres will continue gradually with cotton accounting for less than 25% share of world fibre consumption at present.

Table 2: World cotton and non-cotton textile fibre consumption (Mn tons)

	Cotton	Non-cotton	Total (Mn tons)
1960	10 (68%)	5(32%)	15
1980	14(48%)	15(52%)	29
2000	20(40%)	30(60%)	50
2010	25(32%)	52(68%)	77
2021	25(24%)	78(76%)	103

Source: ICAC (parentheses denote % share)

Cotton remains the preferred natural fibre however with constraints on supply. The demand / supply gap will be filled by increasing investments in the production of cellulosic fibres, especially Lyocell. There are large expansion projects in the pipeline with the supply expected to increase from the present about 0.4 Mn tons to a million tons by 2025. Major players such as Lenzing and Sateri have announced scaling up of capacity. Lenzing boasts of setting up the world's largest lyocell fibre plant in Thailand. The state-of-the-art project – “bioenergy secured and carbon neutral site”- with an installed capacity of 100kt, involving an investment outlay of € 400 Mn, is due to start production in Q1 2022. Sateri Group announced an expansion of capacity by 500kt by 2025 in China to cater to the growing demand for sustainable fibres (lyocell) for conventional textiles and nonwovens.

Investment

ITMF

In 2020, global shipments of spinning, texturing, weaving, knitting, and finishing machines decreased on average compared to 2019. Deliveries of new short-staple spindles, open-end rotors, and long-staple spindles dropped by -48%, -27%, and -46%, respectively. The number of shipped draw-texturing spindles declined by -30% and deliveries of shuttle-less looms shrunk by -16%. Shipments of flat knitting machines contracted by -53%, while shipped large circular machines marked the exception with a 13% growth. The sum of all deliveries in the finishing segment also dropped by -17% on average.

Year 2021 witnessed a boost in expansion and upgradation of capacity across the textile manufacturing chain. The Investor Update posted by Rieter Switzerland is a reflection of the buoyant trend. The company's order intake for spinning machinery increased 4-fold from CHF 425 million in Jan-Sep 2020 to CHF 1,674 million in Jan-Sep 2021. LMW too achieved a significant recovery in sales turnover which doubled to Rs.1263 crores during Jan-Sep 2021 compared to the corresponding period in previous year.

The modalities of India's flagship PLI scheme for textiles were released in September. The cardinal objective of the scheme is to diversify the Indian textile industry towards man-made fibres. It provides an outlay of Rs. 10,683 crores for green field projects for

manufacture of man-made fibre-based fabrics and technical textiles. The policy is expected to generate an investment of Rs. 19,000 crores over next 5 years.

West Africa

West Africa is attracting investments in greenfield textile projects to transform abundant raw materials and leverage the region's preferential market access to the US and EU. Francophone Africa produces 1.3 million tons of cotton however less than 5% is value-added. ARISE IIP, the Dubai headquartered arm of Olam Group is pioneering the establishment of mega industrial parks in the region and setting up world class infrastructure to attract investment in integrated textile & apparel projects for exports. International buyers are keenly watching the development to diversify their sourcing. Gherzi, the Swiss textile consulting firm is collaborating with international financial and development institutions to identify viable textile projects to develop West Africa into a sourcing hub.

Rieter

Outlook 2021- Spinning machinery sales

- The first nine months of 2021 were characterized by a rapid market recovery combined with a regional shift in demand.
- Rieter expects the demand for new systems to gradually return to normal in the coming months. - The company assumes that the spinning mills will continue to work at full capacity. -
- For the full year 2021, Rieter anticipates sales of around CHF 900 million.
- The realization of sales from the order backlog continues to be associated with risks, in light of bottlenecks in material deliveries and freight capacities as well as the ongoing pandemic in countries that are important for Rieter.

Nonwovens

The pandemic boosted the demand for nonwovens as reflected in the 12.7% growth recorded in 2020 compared to 2019, far exceeding the average long-term growth of 5.5%. The worldwide production of nonwovens reached 17.9 Mn tons worth \$ 64 bn in 2020

(2010: 9.8 Mn tons worth \$ 40 bn)). It is projected to continue growing although at a moderate 2.7% until 2025 (INDA, EDANA). Asia (mainly China) will remain the growth engine, accounting for about half of the world production in 2020. The underlying growth drivers for future consumption of nonwovens will be demographics, GDP growth and lifestyle trends. In terms of end-uses the two main segments i.e., disposables (e.g., absorbent hygiene) and durables (e.g., geosynthetics) continue to grow however the latter is predicted to grow above the industry average. Nonwovens emerged as a major internationally trade commodity, when the rest of the trade had collapsed. Trade in nonwovens had been consistently growing and reached a peak in 2020 (4.4 Mn tons). This is leading to further investment in nonwoven lines in developing countries to cater to the international demand.



Sustainability

Environmental sustainability across the textile value chain has become a policy imperative for the industry and government. The trend is being driven by three major forces viz consumer awareness about

responsible consumption, commitments made by brand owners to their stakeholders and finally, legislation. Let's elucidate these trends and assess their impact on the industry.

The UN Alliance for Sustainable Fashion is an international initiative of the UN to coordinate the efforts of key actors across the value chain towards achieving UN Sustainable Development Goals. Leading brands and their supply chain partners have signed the UN Fashion Industry Charter for Climate Action as a mark of their commitment to the Paris Agreement. The Charter signatories have committed to a number of actions on climate change, including a 30% aggregate reduction in scope 1, 2, and 3 GHG emissions by 2030.

Textile waste and Water governance

It is clearly evident that environmental sustainability encompasses materials, energy and water – the key ingredients that make up textile manufacturing. There is a demand/supply gap in availability of sustainable raw materials. Therefore, there is an opportunity to direct investments towards recycling of pre- and post-consumer materials. While mechanical recycling technologies are already mainstream, breakthroughs in chemical recycling have further potential to be realized. Reduction of fresh water in textile processing is where there is need for collaboration between industry and government. Mridula Ramesh, the executive director of Sundaram Textiles and founder of Sundaram Climate Institute in India in her new thought-provoking book titled '**Watershed**', has identified “water and waste as the two key pillars of climate adaptation”. Water issues will pose a major threat to the industry's ambitions unless timely actions are taken in mitigating the risks.

Exhibit 3: Sustainability goals

	Sustainability goals
Inditex	100% sustainable raw materials by 2025; Elimination of single use plastics; Zero discharge commitment for wet processing; 25% of garments under 'Join Life' standard
H&M	100% sustainable cotton; 30% recycled materials by 2025
Fast Retailing	Signed the Fashion Industry Charter for Climate Action; Recognized as a water security "A List" company by CDP; Uniqlo recycling programme launched
Gap	Be carbon neutral by 2050; Establish a water resilient supply chain through Water Stewardship; eliminate SUP; 100% sustainable cotton by 2025
L Brands	

Source: Company Sustainability Reports (Illustrative)



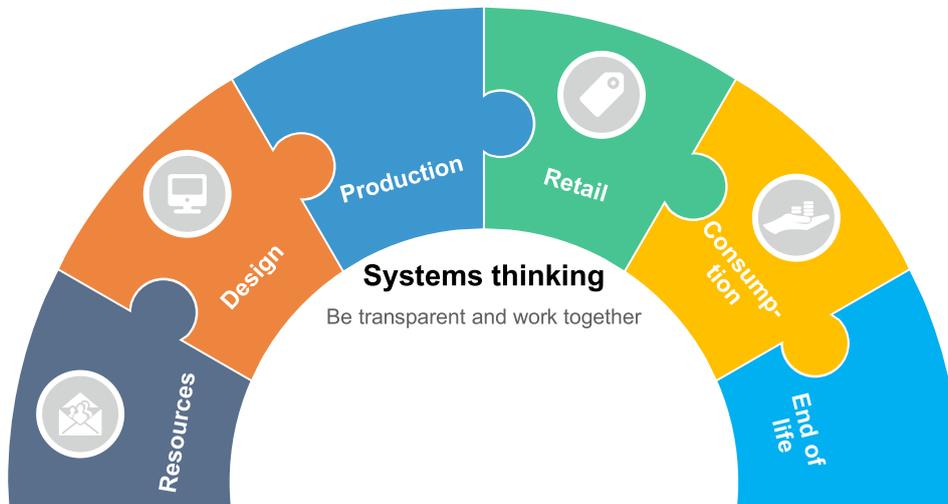
Regulatory frameworks will increasingly influence the shift towards circular business models. The new EU regulation will impose two key obligations: a) Collection of textiles separated by 2025 and b) waste collected separately is not incinerated or landfilled. The 2019 EU Directive of Single Use Plastics (SUPD) aims to “promote the transition to a circular economy with innovative and sustainable business models, products and materials”. The recent curbs imposed by China on industrial operations to achieve Co2 emission norms also point to the risks of keeping the status quo.

Global raw material producers such as Grasim have started implementation of their sustainability goals. Grasim achieved the EU Best Available Technology (BAT) compliance at VSF Vilayat site and expected to drastically reduce sulphur to air emission by 85%. Grasim's Nagda plant will be the first to achieve Zero Liquid Discharge (ZLD) in viscose industry globally.

Interestingly, leading textile and garment companies in India and the sub-continent aspire for LEED (Leadership in Energy and Environmental Design) certification for their new projects as an extension of their ESG strategy. Reputed consulting engineers such as Gherzi Engineering have made green building principles an integral part their industrial design practice and offer an on-demand module consistent with WBG (World Green Building Council) guidelines to help meet the client's sustainability goals.

Emerging business models

The foregoing commentary on emerging trends clearly indicates that the international textile and clothing industry is undergoing a paradigm shift. To take advantage of the opportunities, textile firms need to align their business models to the new dynamics. The future textile industry should be based on transparency and consider the interests of all stakeholders.



MAJOR ACTIVITIES OF CITI

CITI'S Participation in GARTEX TEXPROCESS INDIA 2021 - Delhi Edition held on 3rd -5th December 2021



With an initiative to gather the entire garment and textile industry after the long halt of the pandemic, Confederation of Indian Textile Industry (CITI), Messe Frankfurt India and MEX Exhibitions Pvt Ltd joined hands for the maiden hybrid edition of GarTex Textprocess India – Delhi Edition, which was held on 3-4-5 December 2021 in Pragati Maidan, New Delhi. GarTex Textprocess India is India's most comprehensive exhibition on textiles and garment manufacturing. The three-day hybrid fair brought together over 300 brands with more than 800 products on display and seven special segments.

In its maiden initiative, CITI formed a Textile Pavilion at the GarTex Textprocess 2021 with participation of Vardhman Textiles, Gimatex Industries, Shiva Textyarn and India ITME.

Held at Pragati Maidan in New Delhi, the high-profile B2B hybrid exhibition was inaugurated by Shri Vijoy Kumar Singh, IAS, Additional Secretary, Ministry of Textiles, Government of India.



EMERGING TRENDS IN GLOBAL TEXTILE & APPAREL INDUSTRY



Mr. Amit Gugnani
Senior Partner
Technopak Advisors Pvt. Ltd.



Ms. Akshita Dhingra
Associate
Technopak Advisors Pvt. Ltd.

The years of 2020 and 2021 have been among the most challenging and most opportunistic years of the 21st century. The onset of COVID-19 led to disruptions in the Textile & Apparel sector impacting the same adversely besides the Travel & Tourism sector. The supply chain witnessed shocks with countries going into months-long lockdown at a stretch, demand declining with customers limiting their spends to essential items and cutting expenditure on their 'wants'. Companies followed strategies that were unique to their situation instead of following standard methodologies and strategies. The progress in vaccination drives triggered optimism towards opening of borders and the recovery of economies.

The rising cases of the new variant, Omicron, have made things gloomy again with a mixed response from investors. The impact of rising cases on the economy of emerging countries will vary and depend on a host of factors, including steps taken up by the government, public cooperation, financial policy support among others. COVID-19 has reshaped business models and has accelerated technological advancements. The adoption of technology and digitalization has taken a quantum leap across industries and even Textile & Apparel sector is no exception. Globally, the impact of COVID on textile and apparel sector differs country-

wise owing to changes in supply chains, trade blocs, disruptions in technology, aid from the government etc.

COVID-induced lockdowns in key markets led to the disruption of supply chains. Brands and retailers found themselves with unconsumed inventories which led to reduced performance across all brands and retailers. Post COVID, markets limped back to some levels of normalcy. again. The global apparel market is expected to grow at a CAGR of 4% between 2019 and 2024 and become an estimated global market of USD 1.87 trillion in the year 2021, reflecting an approximate 2% share in the global GDP, valued at USD 89.59 trillion. China and USA dominate the global apparel market with a combined share of 35% whereas Asian countries like India, China, and Japan are reporting an increase in Apparel Market share from collectively accounting 25.5% of the total Apparel Market in 2019 to 27.33% in the year 2024. As the global demand increases in the post-COVID era, India is expected to gain the most with an expected CAGR of 12%, compared to the world aggregate of 4%, to grow from USD 60 Bn in 2019 to reach USD 105 Bn by the year 2024. China will continue to remain the top Apparel player, contributing USD 406 Bn to the Global Apparel Market in the year 2024.

Exhibit 1 : Global Apparel Market (USD Bn)

Country/ Region	2014 (E)	2019 (E)	2024 (E)	CAGR (2019-2024)
China	236	317	406	5%
USA	263	292	333	3%
Japan	69	68	67	0%
Germany	62	63	71	3%
India	32	60	105	12%
United Kingdom	53	58	70	4%
France	36	35	37	1%
Russia	28	33	39	3%
Italy	37	33	34	0%
RoW	845	786	984	4%
Total	1,660	1,745	2,115	4%

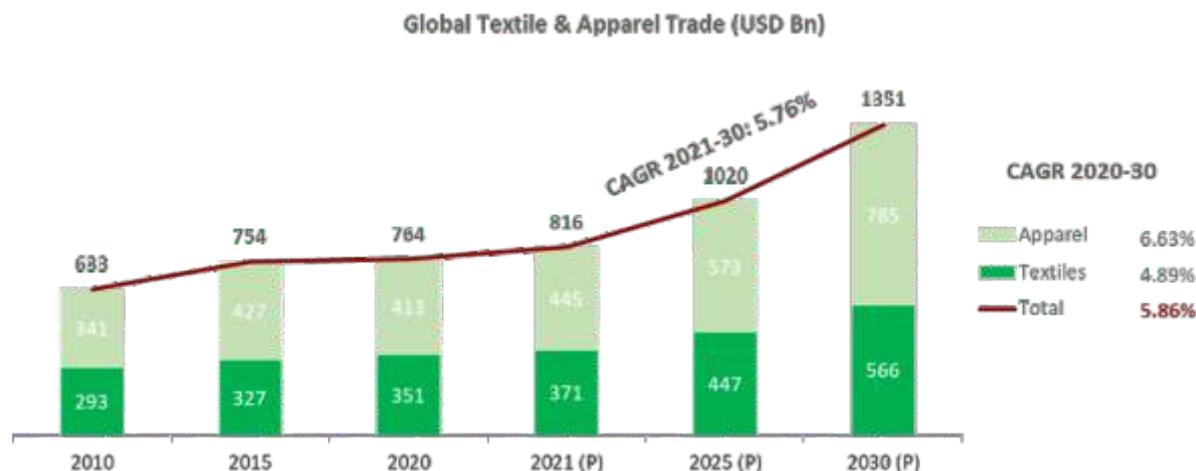
Source: Euromonitor, Secondary research, Technopak Analysis

Global Textile & Apparel Trade

In 2021, Global Textile and Apparel Trade is predicted to be USD 816 Bn, with Apparel contributing about 55% to the trade. The global trade has grown at a CAGR of 2.33% from 2010 to 2021 and is expected to grow at a CAGR of 5.76% between 2021 and 2030 to reach USD 1,351 Bn in the year 2030 from the current USD 816 Bn. The share of Textiles trade is expected to grow from USD 371 Bn in 2021 to USD 566 Bn in the year 2030 while growing at a rate of 4.81% when compounded annually. Similarly, the share of Apparel trade is forecast to increase from USD 445 Bn to USD 785 Bn between the period of 2021-2030 at a CAGR of 6.50%.

Among the top Textile and Apparel exporting countries, India's share in exports is decreasing over the past five years from 4.85% in 2015 to 3.78% in 2020 with a net de-growth of 4.4% over the six-year period. A decreasing trend in China's share of Textile & Apparel exports from 2015 to 2019 was witnessed with an increase in the year 2020 to 35.81% with a net growth of 0.5% over the six-year period. These changes in trade have benefitted Vietnam and Bangladesh the most, with Vietnam witnessing a net 8.3% rise and Bangladesh with a 5.7% rise in textile and Apparel exports over the six-year period. With the restructuring of supply chains, near shoring practices also benefitted the South American countries. Latin American countries will become the new textile and apparel manufacturing hub for Canada and USA.

Exhibit 2 : Historical growth of Global Textile and Apparel Trade (in USD Bn)



Source: ITC Trademap, Secondary research, Technopak Analysis

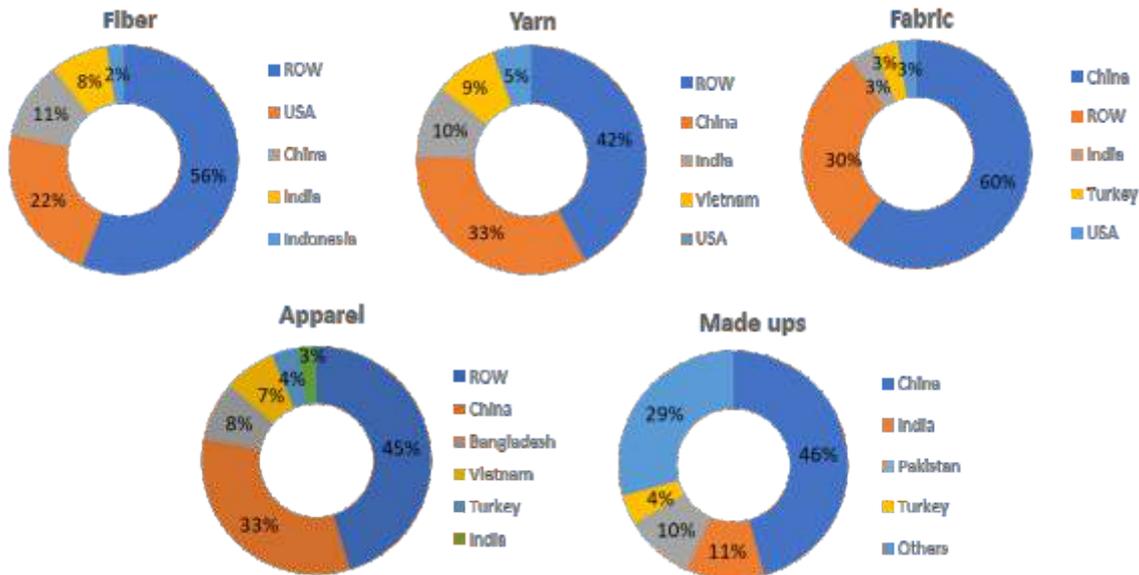
Exhibit 3 : Change in share of Top 15 Textile & Apparel Exporting Countries

	2015	2016	2017	2018	2019	2020	Growth
China	35.72%	34.04%	32.80%	32.09%	31.79%	35.81%	0.5%
Vietnam	3.56%	3.83%	4.05%	4.43%	4.80%	5.18%	8.3%
Bangladesh	3.70%	4.61%	4.66%	4.90%	5.17%	4.77%	5.7%
Germany	3.95%	4.10%	4.46%	4.68%	4.66%	4.72%	4.1%
Italy	4.13%	4.30%	4.33%	4.42%	4.44%	3.92%	-0.6%
India	4.85%	4.73%	4.74%	4.47%	4.33%	3.78%	-4.4%
Turkey	3.44%	3.50%	3.41%	3.39%	3.45%	3.49%	0.7%
USA	3.25%	3.15%	3.29%	3.26%	3.19%	2.91%	-1.8%
Netherlands	1.62%	1.75%	1.85%	1.99%	2.11%	2.21%	6.8%
Spain	1.99%	2.21%	2.37%	2.31%	2.33%	2.01%	0.7%
France	1.94%	2.01%	2.01%	2.10%	2.12%	1.93%	0.3%
Belgium	1.86%	1.92%	1.92%	1.95%	1.95%	1.81%	-0.1%
Hong Kong	3.46%	3.04%	2.71%	2.46%	2.19%	1.68%	-13.1%
Pakistan	1.69%	1.66%	1.66%	1.64%	1.67%	1.67%	0.3%
Poland	0.87%	0.98%	1.01%	1.20%	1.23%	1.51%	12.2%

Source: ITC Trademap, Secondary Research, Technopak Analysis

The dominance of China in Textile & Apparel Exports is due to its share in product-wise global textile and apparel exports. China has the highest share of yarn, fabric, and made-ups exports while USA dominates the share of exports in fiber. The share of global exports for India is higher in Fiber, Yarn and Made-ups as compared to Fabric and Apparel.

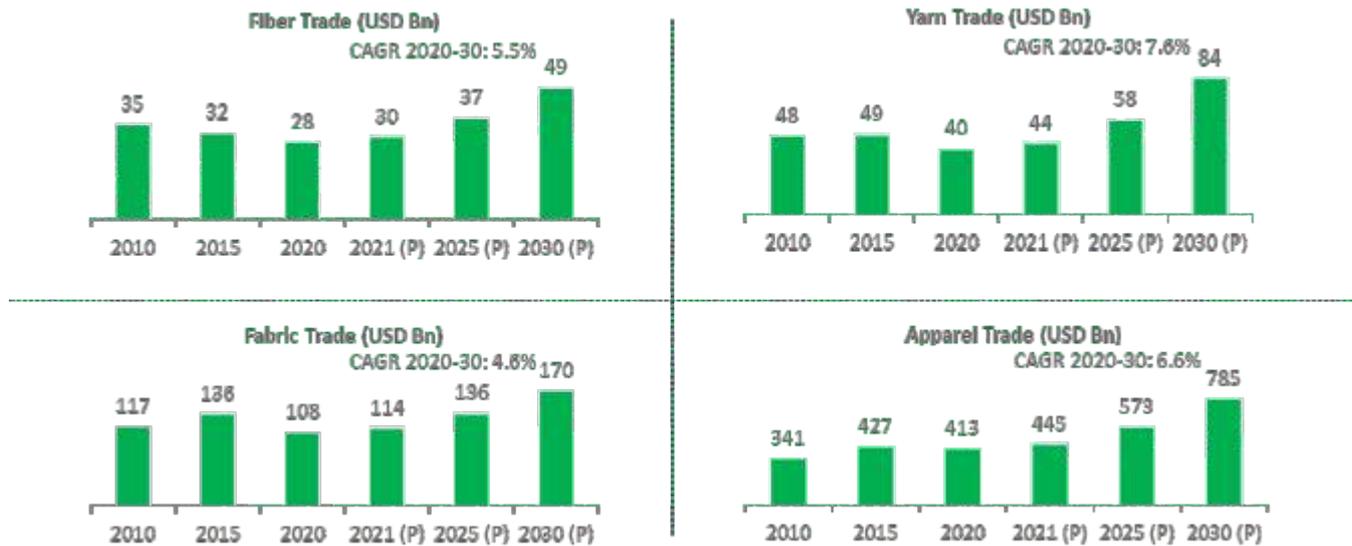
Exhibit 4 : Product-wise share of Global Textile & Apparel Export



Source: ITC Trademap, Secondary Research, Technopak Analysis

The global trade across the value chain observed a dip during the COVID periods of 2019-2021 but is estimated to grow post this period. Trade in fiber is predicted to grow from USD 28 Bn in 2020 to USD 49 Bn in the year 2030 with a CAGR of 5.5%. Similarly, Yarn Trade is estimated to grow at a CAGR of 7.6% from USD 40 Bn in 2020 to USD 84 Bn in 2030. Fabric and Apparel Trade are estimated to grow at a CAGR of 4.6% and 6.6% respectively between 2020 and 2030.

Exhibit 5 : Trade Growth across the value chain



Source: ITC Trademap, Secondary Research, Technopak Analysis

Trends in Global Textile & Apparel Sector

In the current scenario, some of the prominent trends, emerging or gaining importance, in the Textile Value chain are as follows:

1. Sustainable Fashion

The Textile and Apparel Sector is one of the largest polluters of the world, contributing to about 10% of annual Global carbon emission and approximately 53 MT to the landfills yearly. The industry also consumes over 90 billion cubic meters of water every year and has a significant share of 20% of all wastewaters. To combat these challenges, corporates like Lantal Textiles AG, Climatex, H&M, Levi's, etc., have taken initiatives to reduce their carbon footprint because of demand from customers for Sustainable Fashion. These initiatives range from using recycled, eco-friendly upholstery fabrics, cleaning up ocean plastics and making recycled yarn for clothing as well as outdoor accessories or finding new ways for circular production and improving the product life cycle. Major drivers to boost these initiatives include consumers buying less of clothes, a positive attitude towards rented clothing, recycling, and upcycling of old clothes.

Fashion Brands are capitalizing on this trend by staying informed about the entire value chain starting with the source of material to the manufacturing and how the product reaches the customer. At the processing stage, usage of hazardous chemicals needs to be eliminated, with effective use of resources. It is necessary that the life span of apparel is improved, and effective planning

is done for the disposal of used clothing when they reach the end of life. Brands are using compliances, standards, and supplier codes to select their suppliers and ensure quality raw material. Skill development, updating to an efficient production planning, improved technology, reducing wastage, and revamping business models to incorporate recycle, reusability and resale of products are some efforts taken up by the big fashion houses to incorporate sustainability in their operations.

In finding a new path that respects planetary limits while also delivers on economic imperatives Textile & Apparel manufacturing hubs like Bangladesh, Sri Lanka, Pakistan & India are continuously working and promoting sustainable manufacturing. Recently Bangladesh has awarded 15 garment manufacturing factories with the 'Green Factory Award 2020' for their contributions towards protecting the environment. Bangladesh now has 150 green garment factories which is the highest globally.

Sri Lanka boasts of the world's first custom-built green apparel factory, Asia's first Carbon Neutral Certified Factory and a host of LEED Platinum and Gold Certified Manufacturing Plants. Although there are many big players of apparel manufacturing in India, the country lacks behind in the race for sustainable manufacturing. This is reflected in the country housing merely 13 LEED-certified buildings related to readymade garment industry in India out of which "Evolve Clothing Company Pvt Ltd" factory building (Kanchipuram) is the only factory to achieve the gold rating under LEED certification and three other factories with the 'Green Factory Certificate'.

2. Evolution to Industry 4.0

Textile and Apparel sector has shifted from a mass production manufacturing process to an automated manufacturing process. The shift to Industry 4.0 will enable the sector to gather and analyze data, manufacture quality goods at reduced costs, promote better practices across the supply chain, create a convenient retail experience for customers among many other usages.

With the onset of COVID, and people staying at home, there has been a multi-fold increase in the online orders received by various e-commerce businesses. While the penetration of global online apparel market was 19% in 2019, it increased to 28% in 2020 and was valued at USD 558.70 Bn. Industry 4.0 in retail is used to create a seamless omnichannel commercial experience, provide consistent customer service, enhance delivery performance, etc.

Several technologies are being used in the Retail 4.0.

1. **Data Analytics** is being used to define patterns and trends and understand the consumer buying behavior. It is also being used to manage inventory, improve staffing, delivery of goods, etc.
2. Retailers are using **Augmented & Virtual Reality** to improve online shopping experiences for customers. For example, with the 3D Tryon technology, customers can check how a product would look like on them without having to try it.
3. Various brands are also using **Robotics** to manage their warehouses and are also testing robots for delivery purposes.

In manufacturing, the future factories will become not just digital but also intelligent. While digitization has been on the rise with suppliers adopting PLM's and ERP's to reduce lead times and improve transparency

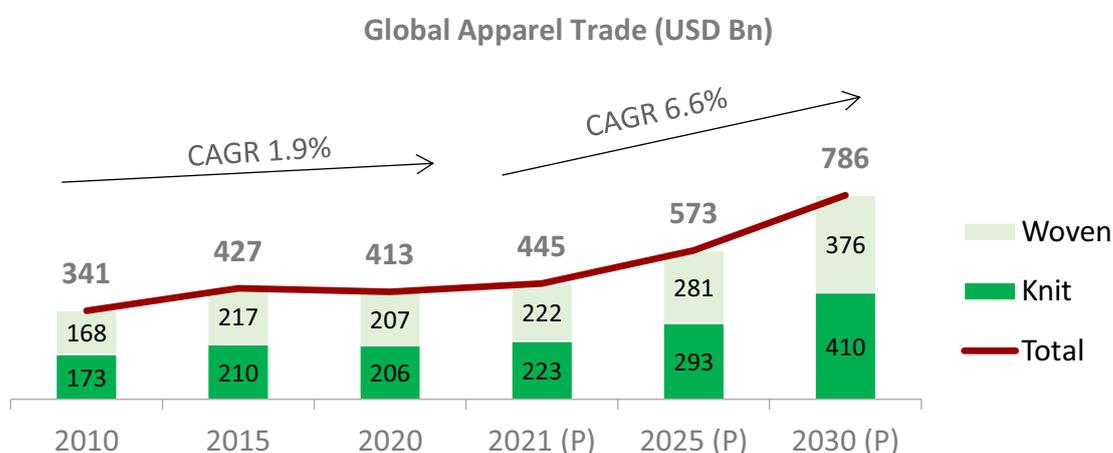
of operations, the efforts to use better and improved planning tools with built-in Artificial Intelligence, to improve manufacturing performance, are also being looked into. Automation and machine learning encourages and facilitates scaling, making it easier to integrate new systems, expand as a whole, have a better clarity of processes and control the business. Apparel 4.0 interventions like Big Data, AI-Based Designing, Industrial Internet of Things (IoT) are making business more flexible, and data-driven. Adaptations of all these technologies in the apparel industry are still at its early-stage, limiting to even the developed countries.

3. Clothing Revolution

A shift of lifestyle from 'work from office' to 'work from home' and the increasing consciousness towards well-being has led to the rise in demand of athleisure wear. Global Athleisure market, valued at USD 285 Bn, is expected to witness a growth of CAGR 8.6% from 2021 to 2028 and reach a market size of USD 550 Bn by 2028. Apparel manufacturers are coping up with this trend by bringing in comfortable, soft touch and no-frill apparels. A lot many fashion brands are adding athleisure to their product offerings. The onset of COVID-19 has also fueled this trend with manufacturers shifting to more breathable, water-proof and elastic materials. Another emerging revolution is the rise of defensive clothing made of high-tech materials which assists in self-cleaning and is anti-viral/anti-microbial clothing.

Knits observed an overall increase in trade as compared to woven. It is estimated that knitted garments will grow at a CAGR of 7.1% from USD 206 Bn in 2020 to USD 410 Bn by 2030, whereas woven garments will grow at a CAGR of 6.1% from USD 207 Bn in 2020 to USD 376 Bn by 2030.

Exhibit 6 : Global Woven & Knit Trade (USD Bn)



Source: ITC Trademap, Technopak Analysis



PPE kits and medical textiles will witness higher growth in the coming years. A rise in demand of multi-purpose clothing that fits with multiple occasions and various activities needs to be addressed by innovation in fabrics. Manufacturers have introduced wearable technology which can monitor the heartbeat, regulate the heat, and cosmetic textiles based on microparticles that can cause a moisturizing or a refreshing effect.

4. Redeployment of apparel sourcing

China displayed a negative growth in its export values in 2019 amid COVID-19, which led to a calibrated diversification towards suppliers beyond the country. Vietnam, Bangladesh and near shored countries including the South American countries gained significantly. Almost at the same time, there have been political unrests in Myanmar and in Ethiopia. This has also led to the supply moving out of these countries. In Ethiopia for instance, the US is trying to remove the AGOA benefit which has so far helped it gain duty free access in its market for Ethiopian products. Vietnam, Bangladesh, and Cambodia will continue to be key drivers in the global apparel supply chains. Countries like Mexico, Honduras, and Latin America will witness an increase in order placement. More retailers will shift to near shoring business operations to mitigate risks and improved flexibility.

The 'Made in USA' model has gained momentum. The value of US apparel production in Q3 of 2020 was 2.2 % higher than in Q3 of 2019. Investment in technology is integral to bringing back manufacturing to the US.

5. Investment Opportunities

The pandemic has impacted the apparel & textile sector adversely. Even before the pandemic started, some of the major brands were facing distress. With supply chains coming to a halt, lot of the fashion brands neared bankruptcy. The revenue was shared by either luxury brands or value brands. Mid-segment brands suffered due to COVID. Even on the supply front, companies reconfigured the supplies, witnessing closures of both large and small businesses. This provides a unique opportunity to others to acquire closed units for augmenting capacities globally. Fashion companies will also investigate brown-field investments for expansion into new product categories or entering a new geography altogether. Mergers & Acquisitions will be observed in the following years, as companies fight for market share and acquire new capabilities.

The opportunities in Textile and Apparel sector are abundant and fashion companies need to be agile to sail through the existing challenges. Successful companies would look towards digitizing their processes and making bold decisions. Analyzing the market and non-market environment will help companies in demand planning and strategizing which markets to cater to. In this dynamic environment, it becomes even more necessary to manage risks that are critical to the businesses more effectively.

MAJOR ACTIVITIES OF CITI

CITI's Participation in the "Textiles Week" of Dubai Expo 2020



*Shri Vijoy Kumar Singh, IAS, Additional Secretary, Ministry of Textiles
inaugurating the "India Pavilion" in DUBAI EXPO 2020 on 26th November 2021*



THE PROGRESS REPORT OF CITI-CDRA COTTON DEVELOPMENT ACTIVITIES DURING 2021-22

Sr. No.	Particulars	MAH.	MP	RAJ	Total
1	Clusters	13	18	5	36
2	Villages	153	1792	106	2051
3	Area (Hect)	26680	85553	8035	120268
4	Farmers	16830	64530	9788	91148
5	Districts	3	4	1	8

The progress of cotton development activities in the three project states was as under: -

MAHARASHTRA

The Project covered 26680 hectares of cotton cultivation involving 16830 farmers from 153 villages and 7 tehsils of three districts.

Despite favorable agroclimatic conditions till June/July, there had been a decrease in cultivation area for cotton in all the three districts. Cotton crop is replaced by Soyabean due to very good price of Soybean. Further, the cotton cultivation suffered due to continuous rains in September which lead to shredding and rotting of the cotton balls.

Further there had been infestation of pink ball worm and sucking pests, causing huge loss to the crop, estimated to be 15 to 20%. But due to some unseasonal rains recently in September and October, some farmers may take Fadtar cotton crop which can increase cotton cultivation area by about 10%. Hence, the net estimated crop loss would be about 5 to 10% compared to last year.

CITI- CDRA jointly with CICR, CIRCOT and agriculture department, spread awareness amongst farmers regarding pink bollworm. Through field visits on daily basis, CITI-CDRA sensitized farmers on various measures to be taken to reduce the adverse

impact of PBW, particularly uprooting of cotton plants and clearing the cotton fields to break the life cycle of pink ball worms.

The WORLD COTTON DAY was celebrated on the large-scale involving scientists from CICR, Nagpur, and CIRCOT, Nagpur, Bayer Crop Science, Agriculture department and project farmers. The chief guest Shri Prashant Mohota, Trustee, CITI and Director CICR along with the superintendent Agriculture Department felicitated well performing farmers. In spite of the Corona pandemic the project activities continued with full vigor using appropriate precautionary measures and making use of Zoom meeting. To facilitate farmers in gaining better price, three model gins were installed at Hinganghat APMC for testing the Cotton lint percentage.

MADHYA PRADESH

The Project for promoting ELS cotton and enhancing its production was very well received by all stakeholders particularly by the district agriculture department, cotton traders, and textile mills.

Project was implemented in 18 clusters from the 4 project districts covering 1792 villages involving 64530 farmers with 85553 hectares under cotton cultivation.

The prolonged rainy season, more or less even spread of rainfall, proved beneficial for cotton crops. This also

help in improving the quality of ELS cotton. Due to quality consideration textile mills, Indo Count Industries & Pratibha Syntex source their ELS cotton from project district.

Currently, crop condition is good, and farmers were advised to use mancozeb/Trichoderma+ 19:19:19 fertilizer spray.



Mass awareness



Project staff visited the farmers' field and advised for better management of sucking pests. Training of the farmers field day organized. They were provided practical training. Identification of pest symptoms of damage and management of these pests. Literature provided on the different aspects of cotton cultivation. Project farmers benefited from training with the assistance Agriculture department, Scientists of KVK in awareness camp and Kisan mela.

Celebration of world cotton day in the different clusters, of project areas. Main function held at Jhabua in the prime presence of Shri Purvesh Jain and Sanjeev Kumar of Indo Count industries along with Dy. Director Agriculture and other Scientists of KVK. The farmers were imparted training for higher production of cotton and quality improvement.

Similarly, event was organized in Petlawad cluster in collaboration with Pratibha Syntex, Indore. Shri Shreyaskar Chaudhary, Vice Chairman, MPTMA also participated. More than 300 farmers participated in WORLD COTTON DAY programme.

RAJASTHAN

The project areas comprised of 106 villages involving 9788 farmers with 8035 hectares under cotton cultivation from Bhilwara district.

Every scout laid out 20 demos in the areas to train the cultivator for adopting the improved practices of cotton cultivation. Cost of inputs were borned by farmers on this demo field days organized to show the impact of 100 demos.

There is a problem of parawilt in project area. Each scout laid out 15 demos for spray of NPK + micronutrients to control the physiological diseases. Total 75 demos laid out. Each scout allotted 5 demos of intercropping cotton with groundnut or urid. Results with groundnut were amazing. 25 demos were laid out. There are many challenges pink bollworm infestation. CITI-CDRA project staff visited the fields and given guidance for the pink bollworm management.

The campaign was organized to improve the environment and nourishment of rural mass since from two years organizing campaign for planting fruit plants on the border of the field. This year 5650 plants of Guava, Aonla, and Lemon etc. were planted to increase additional income of project farmers. Campaign organized to cut the cost of cultivation by adopting various methods.

MAJOR ACTIVITIES OF CITI

CITI's participation in the Pre-Vibrant Gujarat Summit event titled "Weaving Growth for Textiles" held on 29th Dec, 2021



Hon'ble Chief Minister of Gujarat, Shri Bhupendra Patel addressing Pre-Vibrant Gujarat Summit event held on 29th December 2021 at Surat



Hon'ble Union Minister of State for Textiles, Smt. Darshana Vikram Jardosh addressing Pre-Vibrant Gujarat Summit event titled "Weaving Growth for Textiles"

MAJOR ACTIVITIES OF CITI



CITI Chairman, Shri T. Rajkumar addressing Pre-Vibrant Gujarat Summit event titled “Weaving Growth for Textiles”



Secretary (Textiles) Shri Upendra Prasad Singh, (IAS) addressing Pre-Vibrant Gujarat Summit event titled “Weaving Growth for Textiles”

PRESS RELEASES

CITI ELECTS NEW OFFICE-BEARERS FOR THE YEAR 2021-22

New Delhi, Wednesday, December 15, 2021: Confederation of Indian Textile Industry (CITI), one of the leading industry chambers of the textile and clothing industry, representing the entire textile value chain through its leading regional & industry associations and 18 major corporate members, held its 63rd Annual General Meeting (AGM) on Wednesday, 15th December 2021, through virtual platform. CITI immediately after the conclusion of its AGM elected the new Office-bearers in the First Meeting of the Committee. The brief profiles of the Office-bearers of CITI are given below for your kind reference.

Shri T. Rajkumar, Chairman, CITI



Shri T. Rajkumar, Chairman, M/s. Sri Mahasakthi Mills Limited, Kerala and Foundation One Infrastructures Pvt Ltd, Tamil Nadu, has been re-elected as Chairman of CITI. He is the Chairman of the Textile Sector Skill Council (TSC). He is the Director in National Skill Development Corporation (NSDC). He is the Former Chairman of The Southern India Mills' Association and The SIMA Cotton Development Research Association (SIMA CDRA). He is the Chairman & Managing Trustee of Global Pathway School, Coimbatore and Secretary of Nachimuthu Gounder Rukmani Ammal Charitable Trust, Pollachi, Tamil Nadu, apart from actively involved in various industrial bodies and educational institutions. He is an Independent Director in Coimbatore Smart City Limited.

Shri T. Rajkumar has done his Graduation from PSG College of Arts and Science and Masters in the Business Administration from the PSG College of Technology.

Shri T. Rajkumar is a Member of the Governing Council of The Cotton Textiles Export Promotion Council (TEXPROCIL) and The South India Textile Research Association (SITRA), Coimbatore. He is a Member in the Academic Council of PSG College of Arts and Science and also a Member in the Board of Studies of Bharathiyar University and PSG Institute of Management. He is the Joint Secretary of Sri Purandaradasar Sangeetha Vidyalaya, Coimbatore, a social and cultural organization, which is dedicated for the cause of development of Arts and Music. He is the Former Chairman of Board of Trustees of Arulmigu Masani Amman Temple and Charities, Anamalai.

Shri Rakesh Mehra, Deputy Chairman, CITI



Shri Rakesh Mehra, Chairman, M/s. Banswara Syntex Ltd., Mumbai has been elected as Deputy Chairman of CITI. Since 2018, Shri Rakesh Mehra is the President of Indian Spinners Association (ISA), Mumbai an Association of MMF Yarn Spinners of the country. He is the Former Chairman of The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC). With his guidance and support CITI was instrumental in removing the ADD on Polyester Staple Fibre (PSF) & Viscose Staple Fibre (VSF), rationalization of GST rates and many other policy initiatives benefitting the MMF Textile Value Chain.

PRESS RELEASES...



Shri Ashwin Chandran, Vice Chairman, CITI

Shri Ashwin Chandran, Chairman and Managing Director, M/s. Precot Meridien Limited, has been elected as the Vice Chairman of CITI. having textile units in Tamil Nadu, Kerala, Andhra Pradesh and Karnataka. Shri Ashwin Chandran, a B.Sc., (Hons) Graduate in Textile Technology, UMIST, UK and Post-Graduate (MBA) from University of Illinois, USA, is a Member of Cotton Textiles Export Promotion Council (TEXPROCIL), Mumbai. Shri Ashwin Chandran held the position of the Chairman of The Southern India Mills' Association, Coimbatore for two years during 2019-2021.

Shri T. Rajkumar during his Speech in the AGM thanked the Hon'ble Prime Minister, Shri Narendra Modi Ji, Hon'ble Union Minister of Textiles, Commerce & Industry, Consumer Affairs and Food & Public Distribution, Shri Piyush Goyal Ji, Hon'ble Union Minister of Finance and Corporate Affairs, Smt. Nirmala Sitharaman Ji, and the former Hon'ble Union Minister of Textiles, Smt. Smriti Zubin Irani Ji, Hon'ble Minister of State for Textiles and Railways, Smt. Darshana Vikram Jardosh Ji for making a series of historic announcements for the overall growth of the Indian Textiles and Clothing Industry. He said that the pathbreaking decisions will definitely enhance the production capacity of the Indian T&C Industry and will go a long way in achieving the ambitious target of increasing the textile business size to US\$ 350 bn, including US\$ 100 bn exports by 2025-26 and also the target of US\$ 44 bn exports of textile products for 2021-22.

CITI APPEALS TO HON'BLE PRIME MINISTER FOR URGENT POLICY INTERVENTIONS TO BRING STABILITY IN THE COTTON PRICES

New Delhi, Monday, 1st November 2021: Shri T Rajkumar, Chairman, Confederation of Indian Textile Industry (CITI) has appealed to the Hon'ble Prime Minister to intervene to stabilize the cotton prices, which have soared to the peak in the last 11 cotton seasons. CITI Chairman has also appealed to the Hon'ble Prime Minister for Cotton Price Stabilisation Fund Scheme comprising 5% interest subvention or loan at NABARD rate of interest, reduction in margin money from 25% to 10% and increase in the cotton working capital limit from 3 months to 9 months.

In the Representation to Hon'ble Prime Minister, CITI Chairman stated that for centuries, Indian Cotton Textile Industry has always been at the helm of affairs due to its inherent strength of availability of raw cotton in abundance at competitive prices and the presence of the entire cotton value chain. Due to this inherent strength, the Indian Textile Industry is providing employment to over 10 crores workforce ranging from the skilled workforce working in the technical textile units to illiterate women and poor farmers working in small garment factories and cotton farm fields.

Shri T Rajkumar, stated that T&C Industry has continuously been facing several challenges since last ten years due to fluctuations in the raw cotton prices which accounts for 60% cost for the yarn. This makes the downstream industry, especially the spinning sector, vulnerable as it increases the cost of yarn prices and make them quite unpredictable in the highly cost-competitive international market. He further pointed out that the removal of cotton from the

PRESS RELEASES...

Essential Commodities Act has also led to the industry's woes as it has paved the way for multinational cotton traders/ hoarders to dominate the Indian cotton economy. They procure cotton in bulk during peak-season at cheaper prices, export & create scarcity and then speculate the prices during off-season. The Cotton Corporation of India Ltd. (CCI) has also been increasing cotton prices very often and offloading bulk volume with attractive discounts which further fuel cotton prices speculation. This leads to chaos in the downstream segments which then pressurizes the Government to bring stability in the yarn prices which is not possible until and unless there is stability in the raw cotton prices.

Shri T Rajkumar stated that his appeal will help MSME spinning mills to source cotton during peak season (November to March), farmers get better prices and avoid MSP operation. This would also enable the cotton value chain to achieve 2-3% additional growth which would further bring in several thousands of crores of additional revenue when compared to around Rs.1000 crores/ year financial commitment (or extend loan at NABARD rate of interest) and also help in preventing the expenditure borne by the Government on MSP Operations, throughout the year.

Chairman, CITI further stated that New York Futures Index that used to hover around 70-80 cents per pound is now ruling around 110 cents thus creating a panic situation and uncertainties. He added that Indian cotton price, though currently attractive due to comfortable closing stock position, has also increased from Rs.41,900/- per candy during December 2020 to Rs.62,400/- per candy during the last week of October 2021 (Sankar-6 variety).

Shri Rajkumar cautioned that this year export of cotton may cross 100 lakh bales due to US sanction on Xinjiang Chinese cotton which accounts for 10% of the world cotton production. He further said the cotton season 2021-22 started with an opening stock of over 100 lakh bales and the estimated production of cotton is about 355 lakh bales. There will be a consumption of about 330 lakh bales and the textile industry may import about 10 lakh bales, leaving about 135 lakh bales for export and carry-over stock. This will result into not only having a shortage of cotton in the international market but also abnormal speculation in the cotton prices.

CITI, Chairman stated that the levy of 10% import duty on cotton is only helping multinational traders not the cotton farmers, as the textile industry imports only 2-3% of ELS Cotton, Organic Cotton, Sustainable Cotton, etc., to meet the requirements of nominated businesses of global brands. He stated that the domestic ELS Cotton though, inferior in quality viz., DCH 32, its price has increased from Rs.57,500/- per candy from December 2020 to around Rs.1.16 lakhs in the last week of October 2021. He also stated that the textile industry has been cautioning the Government that the cotton textile value chain especially the garments and made-up exports would be severely affected in the absence of a level playing field that has become a reality now.

Shri Rajkumar observed that the analysis of the last ten years' cotton price data shows that the cotton value chain consumes around 1/3rd of the cotton while 2/3rd of the cotton is procured by multinational traders and CCI and the cotton prices also remain subdued during November to March making Indian cotton farmers to suffer due to market dynamics.

Shri Rajkumar stated that though CCI has been offloading bulk volume to the trade, some price stability was observed due to Government intervention to adopt industry-friendly trading policies which has helped the MSME textile units. He further observed as the cotton prices are ruling very high, CCI will not be in a position to procure any cotton under MSP during the current season. This will lead the textile industry head towards a severe raw material crisis in the cotton value chain as the multinational traders are likely to procure bulk volume of cotton during the season.

Shri Rajkumar stated that he has made an earnest appeal to the Hon'ble Prime Minister to look into the matter on an urgent basis and workout an industry-friendly Cotton Procurement and Trading Scheme for CCI by providing Government fund to procure 10-15% of the cotton which arrives in the market during the season and create a strategic stock for the price stability, sell cotton only to actual users in a staggered manner till the end of the season and maintain some buffer stock for the next season.

EXPORTS

India's Textile and Apparel Exports (In US Million)

Description	Oct'20	Oct'21	% change	Apr'20- Oct'20	Apr'21- Oct'21	% Change	% share of total Apr'20- Oct'20	% share of total Apr'21- Oct'21
Textiles and Made-ups								
Cotton								
COTTON RAW INCLD. WASTE	139	109	-22%	604	1246	106%	4%	5%
COTTON YARN	228	462	103%	1407	3019	115%	9%	12%
COTTON FABRICS, MADEUPS ETC.	597	754	26%	3004	4712	57%	19%	19%
	964	1,324	37%	5,015	8,977	79%	33%	36%
Jute								
JUTE, RAW	3	4	25%	11	15	42%	0%	0%
JUTE YARN	2	1	-52%	6	11	103%	0%	0%
JUTE HESSIAN	9	13	42%	48	83	72%	0%	0%
OTHER JUTE MANUFACTURES	13	19	45%	74	113	53%	0%	0%
FLOOR CVRNG OF JUTE	10	11	4%	43	65	51%	0%	0%
	37	47	27%	182	288	59%	1%	1%
Silk								
SILK,RAW	0	0		0	1	3073%	0%	0%
SILK WASTE	3	2	-26%	12	20	63%	0%	0%
NATRL SILK YARN,FABRICS,MADEUP	9	8	-4%	32	51	58%	0%	0%
SILK CARPET	3	4	40%	14	17	27%	0%	0%
	14	14	0%	58	89	54%	0%	0%
Wool								
WOOL, RAW				0	0	19%	0%	0%
WOLLEN YARN,FABRICS,MADEUPSETC	10	14	41%	57	89	58%	0%	0%
	10	14	41%	57	89	58%	0%	0%
Manmade								
MANMADE STAPLE FIBRE	29	39	33%	206	386	87%	1%	2%
MANMADE YARN,FABRICS,MADEUPS	362	468	29%	1807	3153	75%	12%	13%
	391	506	29%	2,013	3,539	76%	13%	14%
Others								
CARPET(EXCL. SILK) HANDMADE	155	170	10%	734	1028	40%	5%	4%
COIR AND COIR MANUFACTURES	41	42	3%	246	356	45%	2%	1%
HANDCRFS(EXCL.HANDMADE CRPTS)	181	199	10%	818	1223	49%	5%	5%
HANDLOOM PRODUCTS	24	21	-10%	111	153	37%	1%	1%
OTH TXTL YRN, FBRC MDUP ARTCL	35	58	64%	212	359	69%	1%	1%
	437	490	12%	2,122	3,118	47%	14%	13%
Total Textiles and Made-ups	1,852	2,396	29%	9,446	16,100	70%	61%	65%
Apparel								
RMG COTTON INCL ACCESSORIES	618	733	19%	3338	4693	41%	22%	19%
RMG MANMADE FIBRES	276	227	-18%	1299	1793	38%	8%	7%
RMG OF OTHR TEXTLE MATRL	260	273	5%	1225	1928	57%	8%	8%
RMG SILK	9	6	-36%	43	81	87%	0%	0%
RMG WOOL	14	16	10%	58	94	62%	0%	0%
Total Apparel	1,178	1,254	7%	5,962	8,589	44%	39%	35%
Grand Total	3,030	3,650	20%	15,408	24,689	60%	1	100%
<i>Data Source: CITI Analysis based on DGCI&S data extracted on 28th December 2021</i>								

IMPORTS

India's Textile and Apparel Imports (In US\$ Million)

Description	Oct '20	Oct'21	% change	Apr'20- Oct'20	Apr'21- Oct'21	% Change	% share of total Apr'20- Oct'20	% share of total Apr'21- Oct'21
Textiles and Made-ups								
Cotton								
COTTON RAW INCLD. WASTE	26	38	46%	209	335	60%	8%	8%
COTTON YARN	1	1	-27%	7	11	72%	0.2%	0.3%
COTTON FABRICS, MADEUPS ETC.	37	56	54%	186	291	56%	7%	7%
	63	95	50%	402	637	59%	14%	14%
Jute								
JUTE, RAW	5	4	-30%	19	19	1%	1%	0%
JUTE YARN	5	6	14%	25	28	12%	1%	1%
JUTE HESSIAN	3	5	96%	18	31	70%	1%	1%
OTHER JUTE MANUFACTURES	10	8	-13%	40	39	-1%	1%	1%
FLOOR CVRNG OF JUTE	0	0	21%	1	0	-54%	0%	0%
	23	23	2%	102	117	15%	4%	3%
Silk								
SILK,RAW	6	10	80%	33	49	50%	1%	1%
SILK WASTE		0		0	1	49%	0%	0%
NATRL SILK YARN,FABRICS,MADEUP	2	3	57%	10	16	64%	0%	0%
SILK CARPET	0			0	0	659%	0%	0%
	7.9	13.8	75%	43.3	66.4	53%	2%	1%
Wool								
WOOL, RAW	9	17	86%	69	126	82%	2%	3%
WOLLEN YARN,FABRICS,MADEUPSETC	7	9	35%	33	52	59%	1%	1%
	16	27	65%	102	178	75%	4%	4%
Manmade								
MANMADE STAPLE FIBRE	25	39	54%	160	259	61%	6%	6%
MANMADE YARN,FABRICS,MADEUPS	178	260	46%	809	1615	100%	29%	36%
	204	299	47%	969	1,874	93%	35%	42%
Others								
CARPET(EXCL. SILK) HANDMADE	4	7	64%	36	43	18%	1%	1%
COIR AND COIR MANUFACTURES	0	1	290%	1	3	321%	0%	0%
HANDCRFS(EXCL.HANDMADE CRPTS)	40	47	16%	355	305	-14%	13%	7%
HANDLOOM PRODUCTS	0	0	-36%	3	2	-42%	0%	0%
OTH TXTL YRN, FBRC MDUP ARTCL	64	104	63%	302	536	78%	11%	12%
	109	158	46%	697	889	28%	25%	20%
Total Textiles and Made-ups	422	616	46%	2,315	3,761	62%	83%	85%
Apparel								
RMG COTTON INCL ACCESSORIES	37	61	63%	163	348	113%	6%	8%
RMG MANMADE FIBRES	36	61	70%	127	216	71%	5%	5%
RMG OF OTHR TEXTLE MATRL	17	19	13%	171	108	-37%	6%	2%
RMG SILK	0	0	58%	1	2	58%	0%	0%
RMG WOOL	2	2	-5%	6	9	46%	0%	0%
Total Apparel	93	144	55%	468	684	46%	17%	15%
Grand Total	515	759	47%	2,783	4,445	60%	100%	100%

Data Source: CITI's Analysis based on DGCI&S, As extracted on 28th December 2021

CITI ANALYSIS OF EXPORTS AND IMPORTS OF T&A FOR NOVEMBER 2021

Monthly Export Updates of Textile and Clothing (Value in USD Mn.)

Export category	Nov-20	Nov-21	% Change	Cumulative (Apr'20-Nov'20)	Cumulative (Apr'21-Nov'21)	% Change
<i>Cotton Yarn/Fabs./made-ups, Handloom Products etc.</i>	872.55	1,227.83	40.72%	5,812.90	9,849.14	69.44%
<i>Man-made Yarn/Fabs./made-ups etc.</i>	340.54	428.36	25.79%	2,147.24	3,580.36	66.74%
<i>Jute Mfg. including Floor Covering</i>	32.76	42.63	30.13%	203.71	315.39	54.82%
<i>Carpet</i>	146.95	148.63	1.14%	894.89	1,193.56	33.38%
<i>Handicrafts excl. handmade carpet</i>	173.38	159.71	-7.88%	991.48	1,382.58	39.45%
Sub-Total Textiles	1,566.18	2,007.16	28.16%	10,050.22	16,321.03	62.39%
Apparel	1,043.75	1,072.17	2.72%	7,006.02	9,656.47	37.83%
Textile and Clothing	2,609.93	3,079.33	17.99%	17,056.24	25,977.50	52.30%
All Commodity	23,619.95	30,035.74	27.16%	1,74,164.06	2,63,574.68	51.34%
% of T&C in Total Exports	11.05%	10.25%		9.79%	9.86%	

Source: Press Information Bureau

Monthly Import Updates of Textile and Clothing (Value in USD Mn.)

Import category	Nov-20	Nov-21	% Change	Cumulative (Apr'20-Nov'20)	Cumulative (Apr'21-Nov'21)	% Change
<i>Cotton Raw & Waste</i>	18.94	26.17	38.17%	227.99	360.91	58.30%
<i>Textile yarn fabric, made-ups</i>	139.91	181.84	29.97%	794.56	1,277.19	60.74%

Source: Press Information Bureau

QUICK ESTIMATES OF IIP FOR TEXTILE AND CLOTHING SECTOR (T&C): OCTOBER 2021



T&C in Index of Industrial Production (IIP): Growth Rates (% , Y-o-Y)

Sector	Weights	Index			Cumulative Index		
		Oct-20	Oct-21	% Change	Apr'20-Oct'20	Apr'21-Oct'21	% Change
Manufacture of textiles	3.2913	110.7	122.2	10.4	74.4	115.8	55.6
Manufacture of wearing apparel	1.3225	119.9	122.6	2.3	92.3	107.8	16.8
*Textiles & Clothing	#	#	#	#	#	#	#

Source: *CITI Analysis & Ministry of Statistics Planning & Implementation;
It would be inappropriate to compute and compare T&C sector IIP data owing to Covid scenario

- For the month of October 2021, the Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 stands at **133.7**
- Cumulative change for April - October 2021 for textiles was up by (+) **55.6** percent and Wearing Apparel was up by (+) **16.8** percent over the same period of previous year.

TEXTILE SECTOR SKILL COUNCIL



Indian Textile Industry provides revenue which is 27% of the total foreign exchange, mainly through textile exports. It contributes nearly 14% of the total industrial production of the country. Indian textile industry is also the largest in the country in terms of employment generation and currently generates employment to more than 35 million people.

To remain competitive in the open market, it is essential that the industry gets skill labor. Govt has taken strong initiatives to support skilling of workforce.

STRATEGIC HIGHLIGHTS

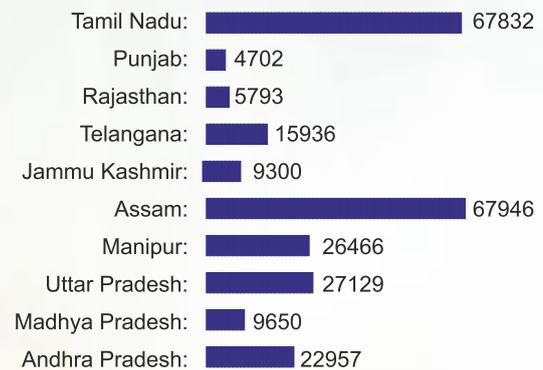
Affiliated 279 training partners. Out of these 195 are from organized mill sectors and 84 are from unorganized sector. To enhance spread of training over number of job roles, qualification packs were developed for 90 job roles.

58 Workshops were organized across India and including North-East.

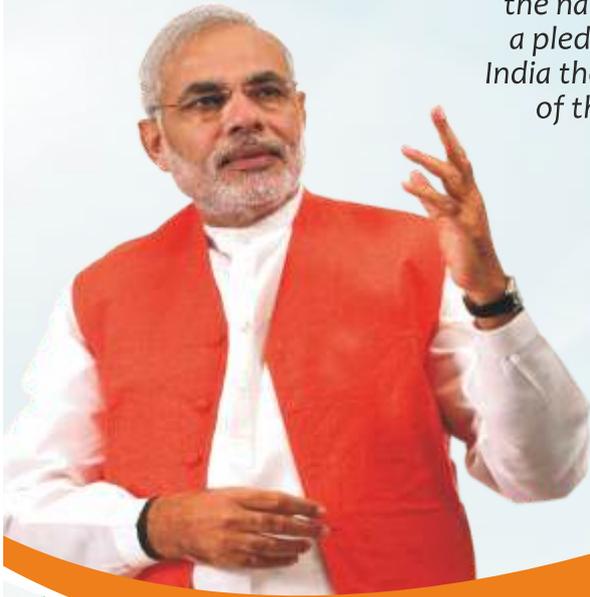
TSC has a strong presence on social media and is now able to connect with remote areas of the country.



Region wise Enrolment :



“ I call upon the nation to take a pledge to make India the Skill Capital of the World.”



TSC's ACHIEVEMENTS

Schemes: PMKVY, APSSDC, NBCFDC, NSFDC, NSKFDC & NCSR



Textile Sector Skill Council (TSC) is a not-for-profit Section 8(1) company established in August 2014 by 17 industry associations and 3 export promotion councils.

Continuously guided and monitored by more than 80 stakeholders representing all sub-sectors of the industry - organized textile mills and MSMEs.

TSC has ...

- ✓ developed a full-fledged skill ecosystem to meet the skill needs of more than 80% of workforce employed both in organized mill sector, as well as, small and medium units of decentralized sectors which include handlooms, power looms and dyeing & printing units.
- ✓ established 430+ training centers all across the country which are operated by 1,350+ certified trainers.
- ✓ developed 90 QPs. Out of these 67 QPs were offered to train more than 56,000 fresh candidates and 2,20,000 RPL candidates across 19 states including NE and J&K.
- ✓ enabled 80% of certified candidates to be employed by industry with salary ranging between Rs. 8,000 and 14,000 (CTC).
- ✓ facilitated 250 RPL certified handloom weavers in availing Pradhan Mantri Mudra Loan to become entrepreneurs.
- ✓ connected 160 certified handloom weavers to buyers from foreign countries.



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TEXTILE SECTOR SKILL COUNCIL

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