CONFEDERATION OF INDIAN TEXTILE INDUSTRY

YEARS OF SERVICE TO THE TEXTILE INDUSTRY

# Annual Report

# 2017-2018

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CONFEDERATION OF INDIAN TEXTILE INDUSTRY

YEARS OF SERVICE TO THE TEXTILE INDUSTRY


*Dr. Kavita Gupta, IAS, Textile Commissioner govt. of India addressing 59th AGM of CITI*


*Mr. J Thulasidharan giving away Citi Birla Award 2016-17 to Mr. S.Kurmi Trident India Ltd. at the 59th AGM of CITI*

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YEARS OF SERVICE TO THE TEXTILE INDUSTRY

# CONFEDERATION OF INDIAN TEXTILE INDUSTRY (FORMERLY KNOWN AS THE ICMF)

**Member Associations with areas served by them**

**The Millowners' Association, Mumbai**
(The State of Maharashtra excluding Nagpur and Vidarbha Region and the State of Goa)

**The Southern India Mills' Association, Coimbatore**
(The States of Tamil Nadu, Andhra Pradesh, Karnataka and Kerala and the Territories of Pondicherry, Karaikal, Mahe and Enam )

**The Ahmedabad Textile Mills' Association, Ahmedabad**
(Ahmedabad, Surat, Viramgam, Nadiad, Kalol and the Cambay areas of the State of Gujarat)

**The Employers' Association of Northern India and The Upper India Chamber of Commerce, Kanpur {The State of U.P.}**

**The Madhya Pradesh Textile Mills Association, Indore**
(The State of Madhya Pradesh)

**The Rajasthan Textile Mills Association, Jaipur**
(The State of Rajasthan)

**The Northern India Textile Mills' Association, New Delhi**
(Delhi, Punjab, Haryana, Himachal Pradesh and Jammu & Kashmir)

**The Maharashtra Mofussil Mills' Association, Nagpur.**
(Nagpur and Vidarbha Regions of the State of Maharashtra)

**Spinners Association (Gujarat)**
(Gujarat state where its members operate)-wef 20/09/2017

**The Federation of Gujarat Industries, Baroda**
(Baroda, Kadi, Navsari, Billimora, Sidhpur, Petlad and Broach areas of the State of Gujarat and the Territories of Daman and Dadra & Nagarhaveli )
**-Till 13/03/2018**

**Associate Members**
Indian Spinners' Association, Mumbai
Indian Textile Accessories & Machinery Manufacturers 'Association'
Textile Machinery Manufacturers 'Association'
Denim Manufacturers 'Association'

**Affiliated Member**
Federation of Hosiery Manufacturers' Association of India (FOHMA)

**Corporate Members**
National Textile Corporation Ltd.
S. Kumars Ltd.
Vardhman Textiles Ltd.
Welspun India Ltd
Indo Rama Synthetics (I) Ltd.
Kotak Ginning & Pressing Industries Ltd.
Arvind Limited
Abhishek Industries Limited
NSL Textiles Limited
Rieter India Private Limited
Aarti International Limited
Nahar Industrial Enterprises Limited
RSWM Limited (LNJ Bhilwara Group)
Reliance Industries Limited
Sakku Spinning Mills Limited
Grasim Industries Limited
Raymond Luxury Cottons Ltd.
D'Decor Home Fabrics Private Limited

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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# COMMITTEE OF THE CONFEDERATION OF INDIAN TEXTILE INDUSTRY FOR 2017-18

| | |
|---|---|
| CHAIRMAN | SHRI SANJAY KUMAR JAIN |
| DEPUTY CHAIRMAN | SHRI T. RAJKUMAR |
| VICE CHAIRMAN | SHRI D.L. SHARMA (Date of Appointment 20.09.2017) |
| IMMEDIATE PAST CHAIRMAN- EX-OFFICIO MEMBER | SHRI J. THULASIDHARAN<br>SHRI NAISHADH PARIKH (Date of Cessation 20.09.2017) |
| | SHRI T. KANNAN<br>SHRI V.S. VELAYUTHAM<br>DR. K.V. SRINIVASAN<br>SHRI M. SENTHILKUMAR<br>SHRI P. NATARAJ<br>SHRI K. VINAYAKAM<br>SHRI UMANG PATODIA<br>SHRI V. SUDHAKAR CHOWDARY<br>SHRI ASHWIN CHANDRAN (Date of Appointment-20.09.2017)<br>SHRI S. DINAKARAN (Date of Cessation-20.09.2017; Date of Re- appointment-14.12.2017)<br>SHRI ADITYA KRISHNA PATHY (Date of Appointment-14.12.2017)<br>LATE SHRI MANIKAM RAMASWAMI (Date of Cessation-02.10.2017)<br>SHRI RAJIV GARG<br>SHRI SHARAD JAIPURIA<br>SHRI MANISH BAGRODIA<br>SHRI ASHISH BAGRODIA<br>SHRI SANDEEP GUPTA<br>SHRI MUKESH KUMAR TYAGI<br>SHRI HEMANT BHARAT RAM<br>SHRI R.K. REWARI<br>SHRI SHARAD KUMAR SARAF<br>SHRI PRASHANT MOHOTA<br>SHRI. K.R. LALPURIA |
| | SHRI ARVINDKUMAR SOMANY<br>SHRI ADARSH KANORIA<br>SHRI PUNIT LALBHAI (Date of Appointment-20.09.2017) |
| | SHRI R.L. NOLKHA<br>SHRI S.N. MODANI (Date of Appointment-18.07.2018)<br>SHRI J.C. LADDHA (Date of Cessation-18.07.2018) |
| | SHRI AKHILESH RATHI<br>SHRI AMIT PATODIA (Date of Cessation-13.03.2018)<br>SHRI RAJIV PATODIA<br>SHRI JAYESH PATEL (Date of Appointment-13.03.2018) |
| SECRETARY GENERAL | Dr. S. SUNANDA |

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# Content

## IN THIS ISSUE



# Annual Report 2017-2018

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# OVERVIEW OF GLOBAL ECONOMY

## 1.1 Global Economy

World Economic Outlook has projected Global Economic growth as **3.9 percent in 2018 and 2019** but the expansion is becoming less even, and risks to the outlook are mounting. 'Emerging markets and Developing Economies' have experienced powerful crosswinds in recent months and growth prospects are becoming more uneven owing to rising oil prices, dollar appreciation, trade tensions, and geopolitical conflict. Advanced economy growth is expected to remain above in trend at **2.4 percent** in 2018, similar to 2017, before easing to **2.2 percent** in 2019.'Emerging and Developing Asia' is expected to maintain its robust performance, growing at 6.5 percent in 2018–19. Growth in China is projected to moderate from **6.9 percent in 2017 to 6.6 percent in 2018 and 6.4 percent in 2019,** as regulatory tightening of the financial sector takes hold and external demand softens. **(Source: World Economic Outlook, July 2018)**

Further, according to the recently released WTO Annual Report 2018, in 2017, merchandise trade grew by 4.7 per cent in volume terms, its strongest growth in six years. World merchandise exports increased to US $ 17.73 million in 2017, up from US$ 16.03 million in 2016, partly due to higher commodity prices. Developing economies had a 44% share of world merchandise trade in 2017. Asia recorded the highest increase in trade volume with growth of 8.1%. Trade between developing economies represented 21.4% of world merchandise exports in 2016.

### Multilateral Cooperation

The recently announced and anticipated tariff increases by the United States and retaliatory measures by trading partners have increased the likelihood of escalating and sustained trade actions. This could derail the recovery and depress medium-term growth prospects, both through their direct impact on resource allocation and productivity and by raising uncertainty and taking a toll on investment.

Multilateral cooperation remains vital to address challenges that transcend countries' borders. Global economic integration under an open, rule-based multilateral trade system has raised living standards, helped lift productivity, and spread innovation throughout the world.

To preserve and broaden these gains, countries should work together to reduce trade costs further and resolve disagreements without raising tariff and non-tariff barriers. Avoiding protectionist measures and finding a cooperative solution that promotes continued growth in goods and services trade remain essential to preserve the global expansion. Policies and reforms should aim at sustaining activity, raising medium-term growth, and enhancing its inclusiveness.

## Overview Of Global Textile Sector

### 1.2 Global Trade of Textile & Apparel

In 2017, global textile and apparel trade stood at US$ 750 billion and has declined at a CAGR of 1% since 2013. Apparel contributes to a share of 58% while textiles contribute to a share of 42% of the total textile and apparel trade.

There was a 4% decline in trade in 2016 compared to 2015 owing to stifled global economic scenario. However, the trade in 2017 showed a positive growth of 1% after the downfall in 2016.

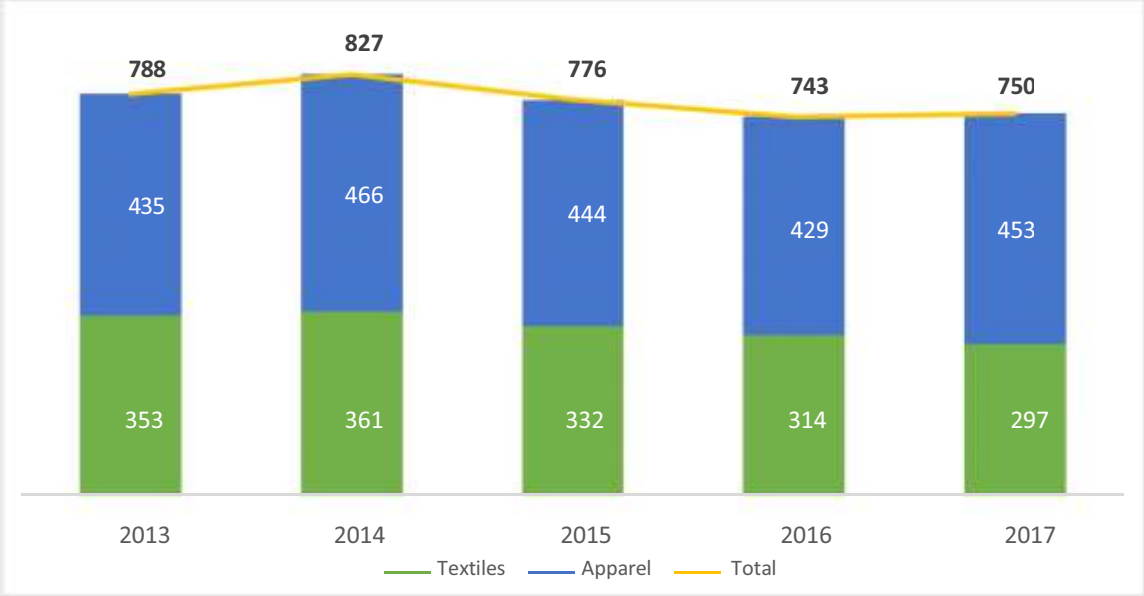
### Major Importers of Textile and Apparel Globally

The top 10 markets enjoy a share of 71% in the global T&A imports. EU-28 has maintained the top position with 33% share in 2017, followed by USA with a share of 15%. Countries like Japan and China & HK have seen a decline in the T&A imports over the last five years.

### Major Exporters of Textiles and Apparel Globally

The top 10 exporter countries enjoy a share of 72% in the global T&A exports. China & HK has maintained the top position with 37% share in 2017, followed by India with a share of 5%. Bangladesh and Vietnam are the fastest growing suppliers China has successfully leveraged its low manufacturing cost and large scale infrastructure to achieve notable share of 37% in global textiles and apparel trade followed by India with a share of 5%. It is then followed by Bangladesh and Germany and Italy with a share of 5% each, Vietnam & Turkey each having a share of 4%. It is worth noting that many major exporting nations do not have presence of the entire value chain. Bangladesh and Vietnam having 3rd and 6th position in global trade, respectively, have negligible presence in textiles trade and are major apparel exporters. Similarly, Korea is more focused on exports of textiles.

*Figure 1: Global Textile & Apparel Trade (in US$ Bn.)*



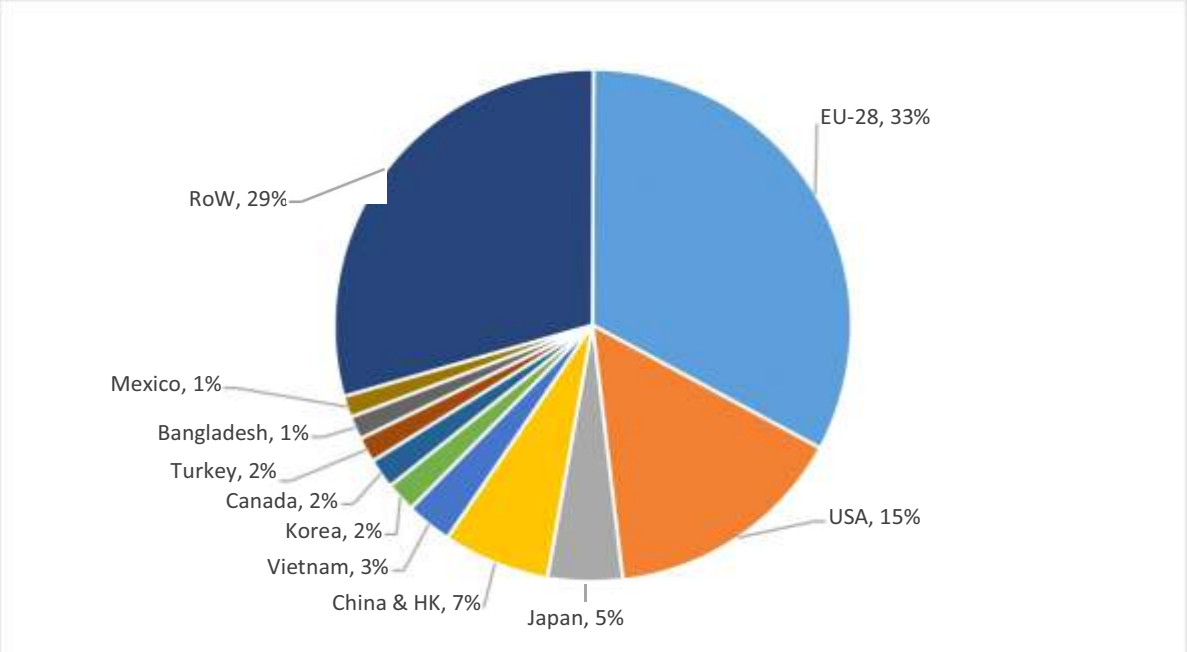

*Source: UN Comtrade and CITI Analysis*

*Table 1: Top markets of Textile & Apparel (US$ Bn.)*

| Country | 2013 | 2014 | 2015 | 2016 | 2017 | CAGR |
|---|---|---|---|---|---|---|
| **EU-28** | 248 | 268 | 242 | 246 | 247 | **0%** |
| **USA** | 112 | 115 | 120 | 114 | 114 | **0%** |
| **Japan** | 41 | 39 | 35 | 35 | 35 | **-3%** |
| **China & HK** | 66 | 61 | 55 | 48 | 50 | **-5%** |
| **Vietnam** | 13 | 15 | 15 | 16 | 22 | **11%** |
| **Korea** | 13 | 14 | 14 | 14 | 14 | **1%** |
| **Canada** | 14 | 14 | 14 | 13 | 14 | **0%** |
| **Turkey** | 12 | 13 | 11 | 11 | 12 | **0%** |
| **Bangladesh** | 9 | 10 | 10 | 10 | 11 | **4%** |
| **Mexico** | 10 | 10 | 11 | 10 | 10 | **0%** |
| **RoW** | 250 | 268 | 249 | 226 | 221 | **-2%** |
| **Grand Total** | **788** | **827** | **776** | **743** | **750** | **-1%** |

*Source: UN Comtrade, Eurostat*

*Figure 2: Share of top markets in Global T&A import in 2017*



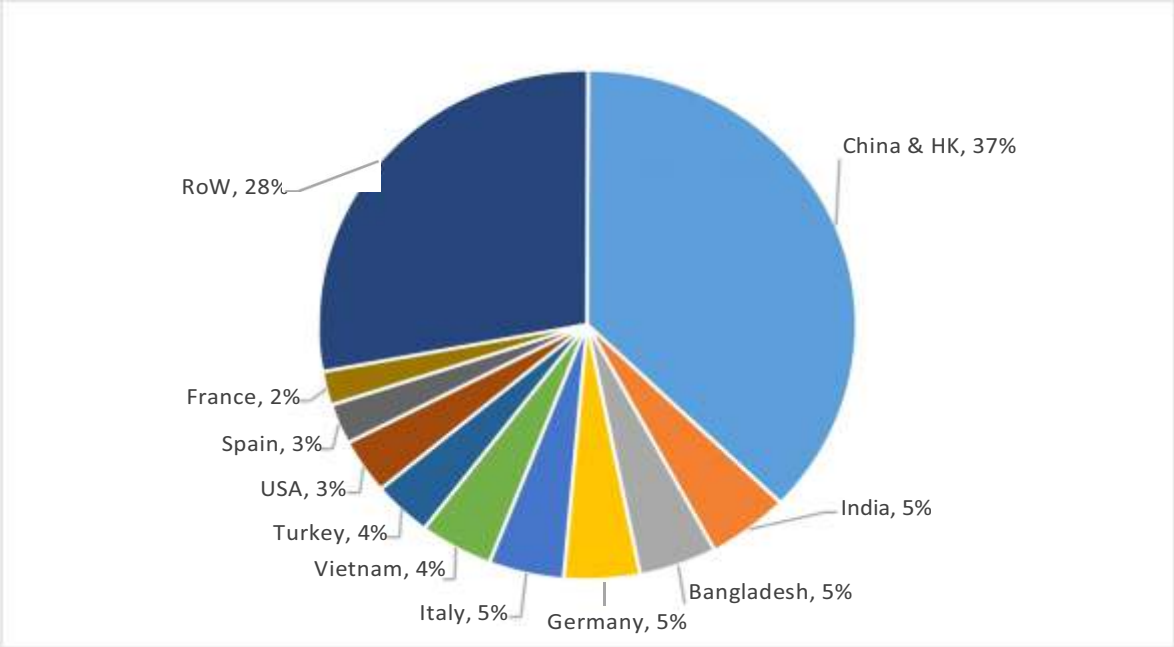

*Source: UN Comtrade*

*Table 2: Largest Exporters of Textile & Apparel (in US$ Bn.)*

| Country | 2013 | 2014 | 2015 | 2016 | 2017 | CAGR |
|---|---|---|---|---|---|---|
| **China & HK** | 306 | 317 | 300 | 276 | 280 | **-2%** |
| **India** | 40 | 39 | 37 | 35 | 37 | **-2%** |
| **Bangladesh** | 29 | 31 | 33 | 35 | 35 | **4%** |
| **Germany** | 36 | 38 | 32 | 33 | 34 | **-1%** |
| **Italy** | 36 | 37 | 32 | 32 | 34 | **-1%** |
| **Vietnam** | 22 | 25 | 27 | 29 | 33 | **8%** |
| **Turkey** | 28 | 29 | 26 | 26 | 27 | **-1%** |
| **USA** | 27 | 26 | 25 | 24 | 26 | **-1%** |
| **Spain** | 16 | 17 | 16 | 17 | 19 | **3%** |
| **France** | 16 | 17 | 15 | 15 | 16 | **0%** |
| **RoW** | 232 | 251 | 233 | 221 | 224 | **-2%** |
| **Grand Total** | **788** | **827** | **776** | **743** | **750** | **-1%** |

*Source: UN Comtrade and CITI Analysis*

*Figure 3: Share of Exporters in Global Export of T&A Products in 2017*




*Source: UN Comtrade*

# OVERVIEW OF INDIAN ECONOMY

World Bank figures for 2017 show that India is now the world's sixth-biggest economy, having muscled past France, which was pushed to the seventh spot. India's gross domestic product (GDP) stood at $2.597 trillion at the end of 2017, compared to $2.582 trillion for France. India is expected to grow at 7.4 per cent in 2018 and 7.8 per cent in 2019, leaving its nearest rival China behind. (Source: Economic Survey)

The confidence in the Indian economy has increased on account of policy measures taken up by the Government and the Reserve Bank of India. Moody's rating agency upgraded India's local and foreign currency issuer rating to **Baa2** with a stable outlook from **Baa3** on the expectation that continued progress in India's economic reforms will enhance India's growth potential over time. According to **World Bank's Ease of Doing Business 2018 Report**, India's ranking improved by 30 positions in 2018. As per the World Economic Forum, India's rank in **Global Competitiveness Index** is 40 out of 137 countries in 2017-18, improvement over 71 out of 144 countries in 2014-15 and 55 out of 140 countries in 2015-16.**(**Source: Press Information Bureau)

Following the structural changes happening in the country, India has gained attention of the international community and is on the path of becoming a global investment destination and a manufacturing hub.

India's economic activity is picking up, boosted by a long-awaited recovery in consumption that's helped cut down slack in the economy. The Government of India has taken various initiatives to improve the confidence in the Indian economy and boost the growth of the economy and which, inter-alia, include; fillip to manufacturing, concrete measures for transport and power sectors as well as other urban and rural infrastructure, comprehensive reforms in the foreign direct investment policy, special package for textile industry.

The Insolvency and Bankruptcy Code was enacted to achieve insolvency resolution in a time bound manner. The introduction of the Goods and Services Tax (GST) has provided a significant opportunity to improve growth momentum by reducing barriers to trade, business and related economic activities. **Budget 2018-19** included various measures to provide a push to the economy, which among others, include major push to infrastructure via higher allocation to rail & road sector, reduced corporate tax rate of 25 per cent for companies with turnover up to Rs. 250 crore which is expected to help 99 per cent of MSMEs, etc.

Consumption expenditure has been the major driver, accounting for nearly sixty per cent of the total GDP growth between 2012-13 and 2015 -16. This contribution increased to over 95 per cent in 2016-17, which is attributed to higher growth of both Private Final Consumption Expenditure (PFCE) and Government Final Consumption Expenditure (GFCE), particularly the latter.

Share of public sector (including public financial and non-financial corporations and general government) in total Gross Fixed Capital Formation (GFCF) increased from 21.4 per cent in 2011-12 to 22.0 per cent in 2014-15 and further to 25.2 per cent in 2015-16 (the latest year for which data is available). The share of public GFCF in GDP at current prices increased from 6.7 per cent in 2014-15 to 7.4 per cent in 2015-16. From the demand side, the contribution of Public sector

GFCF to GDP growth was about 20 per cent in 2015-16. The real per capita income (measured in terms of per capita net national income at constant (2011-12) prices is one of the important indicators representing the welfare of people of a country. It is expected to increase from Rs. 77,803 in 2015-16 to Rs. 86,660 in 2017-18, growing at an annual average rate of 5.5 per cent. In nominal terms it increased by an average of 9.0 per cent per annum from Rs. 94,130 in 2015-16 to Rs. 111,782 in 2017-18.

**Balance of Payments**

India's balance of payments situation which has been benign since 2013-14, continued to be so in the H1 of 2017-18, despite some rise in CAD in Q1. The CAD increased from US$ 3.8 billion (0.4 per cent of GDP) in H1 of 2016 -17 to US$ 22.2 billion (1.8 per cent of GDP) in H1 of 2017-18, primarily on account of a higher trade deficit brought about by a larger increase in merchandise imports relative to exports. The surge in imports owed to sharp rise in imports of gold and increase in oil prices in the international markets. While trade deficit widened in H1 of 2017-18 as compared to H1 of 2016-17, the improvement in invisible balance along with the net capital flows dominated by foreign investment and banking capital was more than sufficient to finance the trade deficit leading to accretion in foreign exchange reserves in H1 of 2017-18. *(Source: Union Budget Highlights, PIB)*

**Trade Policy**

Two important developments in the trade policy during the year are the mid-term review of Foreign Trade Policy (FTP) and the recent multilateral negotiations of WTO in December 2017. There were some developments on the trade logistics front and anti-dumping measures. MEIS (Merchandise Exports from India Scheme) incentives for two sub-sectors of textiles and SEIS (Service Exports from India Scheme) for notified services have been increased by 2 per cent. Besides this, in December 2017, a special package for employment generation in leather and footwear sector was approved by the Government which is likely to help exports from these sectors.(Source: PIB)

**Overview of Textile Industry:**

The Indian Textile & Apparel industry is one of the largest in the world with a large raw material base and manufacturing strength across the value chain. Contributing to around 13% of the total exports earnings, the T&A sector is the second largest employer after agriculture providing direct employment to over 52 million people and indirect employment to an additional 69 million people.

Indian textile and apparel market is currently estimated at US$ 127 Bn. The domestic consumption of textiles and apparel constitutes approximately 70% of the total market size while exports constitute the rest 30%. In terms of global ranking, India is ranked 2nd in textile exports with 6% share and 5th in apparel export with 4% share. Overall, India holds second position with 5% share of global exports. India's textile and apparel exports were US$ 37 billion in 2017-18 and have grown at 6% CAGR since 2005. The textiles sector has witnessed a spurt in investment during the last five years. The industry (including dyed and printed) attracted Foreign Direct Investment (FDI) worth US$ 2.82 billion during April 2000 to December 2017. Source:PIB)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.

**Government Schemes Central Government Support Policies for Textile Industry**

Government of India has launched various support schemes for textile and apparel manufacturers to make them globally competitive. The Schemes target technology upgradation, infrastructure development, export promotion, skill development etc. In 2016, Government of India had announced a US$ 1 bn. per annum special package for next 3 years for apparel and made-ups manufacturers.

*Table 1: Various Government schemes for textiles*

| Scheme / Policy | Key Features |
|---|---|
| ATUFS | 15% capital subsidy on eligible machinery in garmenting and technical textile sector with a cap of Rs. 30 Cr. per individual entity |
| | 10% capital subsidy on eligible machinery in weaving for brand new shuttle less looms (including weaving preparatory and knitting), processing, jute, silk and handloom sector with a cap of Rs. 20 Cr. per individual entity |
| | 15% capital subsidy on eligible machinery for composite units with a cap of Rs. 30 Cr. per individual entity (if the eligible capital investment in respect of garmenting and technical textiles is more than 50% of the project cost) |
| | 10% capital subsidy on eligible machinery for composite units with a cap of Rs. 20 Cr. per individual entity (if the eligible capital investment in respect of garmenting and technical textiles is less than 50% of the project cost) |
| Scheme for promoting usage of Agrotech in NER | Generating awareness among farmers for using Agrotech products by setting up demonstration centers in North-East Region. |
| | Providing, Agrotech kits to farmers containing usage information, methods and practices. |
| Scheme for promoting usage of Geotech in NER | Provide technical and financial assistance for building infrastructure in NER if project cost increases due to usage of Geotech products. |
| Scheme for Integrated Textile Parks (SITP) | Grant/Equity up to 40% of the textile park development project cost subject to a ceiling of Rs. 40 Crores. |
| | GOI support under the Scheme will be generally in the form of grant to the SPV unless specifically decided by the PAC to be equity. However, the combined equity stake of GOI/State Government/State Industrial Development Corporation, if any, would not exceed 49%. |
| | Grant at 90% of the project cost subject to a ceiling of Rs. 40 Crores for first two projects in the States of North East Region of India. |
| Integrated Skill Development Scheme (ISDS) | Assistance up to 75% of the cost of the project, within an overall ceiling of Rs. 10,000 per trainee. |
| Merchandize Exports from India Scheme (MEIS) | Rewards for export of products shall be payable as percentage of realized FOB value: |
| | For handloom, jute and coir based products - reward rate is 5% for all countries |
| | For all other eligible textile and apparel categories - reward rate is 2% for EU (28), USA, Canada and Japan. |
| Market Development Assistance (MDA) | Financial support to exporters for conducting export promotion activities abroad. |
| | Financial assistance for carrying out marketing projects abroad, including. |

| Scheme / Policy | Key Features |
|---|---|
| Market Access Initiative (MAI) | Opening of showrooms. |
| | National level participation in trade fairs/exhibitions. |
| | Displays in international departmental stores. |
| | Publication of world class catalogues to create brand identity for Indian products. |
| | Publicity campaign and brand promotion. |
| | Research and product development. |
| | Assistance for building capacity for exporters, export promotion organizations etc. |
| | For imparting training to Indian exporters. |
| | For up gradation of laboratories, research institutes, universities and other National institutions for creating testing facilities. |
| | For National level institutes and export promotion organizations to organize training programs to upgrade quality, improve product and reduce rejection. |
| | For setting up common facility centers, design centers by Industrial clusters, EPCs and National level Institutions. |
| | For hiring consultants/designers in the buyer country for facilitating negotiations/product modification as per local requirements. |
| | Assistance on reimbursement basis to individual exporters for charges/fees paid by them for fulfilling the statutory requirements in the buyer country. |
| | Assistance for conducting studies: |
| | Survey for promoting exports of the identified product groups from the State. |
| | Project/study which the Empowered Committee in its deliberation feels would further the objectives of the Scheme. |
| | Studies on WTO related matters and JSG/FTA/RTA studies. |

Source: Office of Textile Commissioner

A summary of the major Central Government schemes currently being implemented by Ministry of Textiles is given ahead:

| | Andhra Pradesh | Gujarat | Jharkhand |
|---|---|---|---|
| **Capital Subsidy** | 20% of fixed assets for apparel upto ₹3-6 crores [10%, up to ₹10 crores for mega projects (> ₹125 crore investment)] | | 20% of fixed assets (Addn. 5% for SC/ST/Women/Handicapped domicile entrepreneurs) upto ₹50 crores |
| **Interest Subsidy** | 7.5% for spinning & ginning and 8% for others for 7 years (Including 2 years moratorium) | 7% for spinning, 6% for technical textiles & 5% for others for 5 years upto ₹7.5 crore/year for apparel | 7% or 50% of interest rate, whichever is lower for 5 years upto ₹1 crore |
| **Wage Subsidy** | | ₹3,200 /month /worker (₹4,000 for women worker) (only apparel) for 5 years | ₹5,000/month/worker (₹6,000 for women/SC/ST worker) for 7 years |
| **ESI/ EPF Subsidy** | | | ₹1,000/month/worker for 5 years |
| **Training Subsidy** | | | Actual cost up to ₹13,000 per person for domicile workers |
| **Stamp Duty** | | | 100% reimbursement |
| **Dormitory** | | 50% of project cost @50 sq. ft. per person<br>Also there is a provision for industry to rent out dormitories which GIDC will develop at select locations upto ₹5 crores | 50% of land cost (1 acre for 1000 workers) upto ₹50 lakhs |
| **Power Subsidy** | ₹1/unit for spinning & ginning and to ₹1.5/unit for others for 5 years | ₹1/unit for 5 years | 50% tariff reimbursement for 7 years |
| **Electricity Duty** | | | 100% exemption for 7 years |
| **Industrial Park / Cluster Development** | 50% of expenditure on common infrastructure up to 10% of project cost or ₹15 crores (₹30 crores for composite park)<br><br>For CETP - 50% of project cost up to ₹10 crores (80% up to ₹2 crore for handloom)<br><br>100% exemption for textile and apparel parks | 50% of project cost up to ₹10 crores (₹30 crores for spinning)<br><br>100% exemption for textile and apparel park developers<br><br>100% exemption for first time entrepreneurs in apparel parks | For mega parks (>75 acres) 50% of project cost up to ₹40 crores<br><br>For parks under SITP, addn. 10% of project cost up to ₹10 crores<br><br>50% stamp duty reimbursement<br><br>For cluster development - grant of 15% of grant released by GoI |
| **Plug & Play set-up** | | To be developed by GIDC in key areas and leased out to industry | |

| | Karnataka | | | | | Madhya Pradesh | Maharashtra |
|---|---|---|---|---|---|---|---|
| **Capital Subsidy** | Investment size | MSME | ₹10-25 crores | ₹26-50 crores | ₹51-99 crores | 10% of plant and machinery up to ₹1 crore<br><br>Investment incentive of up to 40% of plant and machinery investment (subject to certain minimum level of utilization), payable over a period of 7 years with a net cap of ₹150 crores.<br><br>Additional incentive of up to 80% of the annual incentive can be availed based on exports and employment generated. | Capital subsidy on plant and machinery:<br>35% for spinning, ginning, processing and garmenting<br>30% for technical textiles and composite units<br>25% for other units<br>Addn. 10% for modernization of powerloom units, projects in backward areas and cotton growing belt)<br>Payable in 7 years equally<br>Also available for self-finance projects |
| | Zone 1[1] | 20% | 20% upto ₹3 crores (₹4 crores for HK region districts) | 20% upto crores (₹8 crores for HK region districts) | 20% upto ₹6 crores (₹12 crores for HK region districts) | | |
| | Zone 2[2] | 15% | 15% upto ₹2 crores (₹3 crores for HK region districts) | 15% upto ₹3 crores (₹6 crores for HK region districts) | 15% upto ₹5 crores (₹10 crores for HK region districts) | | |
| | Mega , ultra mega and super mega projects will be given a basket of incentives in form of capital subsidy/interest subsidy/reimbursement of state taxes/Esi and EPF/stamp duty/ETP and power subsidy | | | | | | |
| **Interest Subsidy** | | | | | | 2% to 7% for 5 years upto ₹5 crore depending on investment | |
| **ESI/ EPF Subsidy** | 100% reimbursement for first 3 years, 50% for following 2 years for investment up to ₹99 crores with a cap of 10% of fixed assets | | | | | | |
| **Stamp Duty** | 100% exemption for zone 1 and 50% exemption for zone 2 | | | | | | |
| **Power Subsidy** | ₹1 /unit for 5 years | | | | | 100% Electricity duty exemption for 10 yrs | |
| **Industrial Park / Cluster Development** | Greenfield parks (approved by central govt.)<br>40% of project cost (up to ₹20 crores in Zone 1) and 20% of project cost (up to ₹15 crores in Zone 2)<br>10% of project cost up to ₹10 crores<br>Brownfield Cluster: 40% of the project cost (up to ₹12 cr.)<br>CETP: 50% of project cost up to ₹5 crore (80% up to ₹1 crore for handloom and 20% up to ₹5 crores for central govt. sponsored projects) | | | | | 15% of expenditure up to ₹5 crores (minimum 50 acres) | |

| | Odisha | Telangana | Uttar Pradesh | | |
|---|---|---|---|---|---|
| **Capital Subsidy** | 10% of plant and machinery upto ₹10 to 50 crores based on location, investment and employment | 35% for technical textiles and 25% for others<br>20% for expansion | 25% of plant and machinery under the cap of ₹2 crores to ₹100 crores depending on investment and no. of workers | | 15% of margin money for units with rearing of chaaki worm, koya production, reeling and spinning in sericulture, with max.capital investment of ₹1 crore (20% for SC/ST)<br>20% capital subsidy for silk reeling units with capital investment of ₹1 crore or more |
| **Interest Subsidy** | 5.00% for 5 years (7 years for units in industrially backward districts). The upper cap is ₹10 lakhs to ₹1 crore depending on investments in plant and machinery | 75% of interest rate up to 8% p.a. for 8 years | 7% for plant and machinery for 7 years upto ₹1.5 crores (₹75 Lakhs for GB Nagar) | 5% for infrastructure development for 5 years upto ₹1 crore/unit | 5% on working capital loan for silk reeling units which produce min. 75% thread from Koya produced in the state for 5 years upto ₹50,000 p.a. |
| **Wage Subsidy** | ₹1,500 /month /worker only for apparel units employing 200 workers (90% domicile) for 3 years | | ₹3,200 per person/per month for mega and super mega projects[5], except in GB Nagar and Ghaziabad (Subsidy limited to first 15,000 machines installed in state) for 5 years | | |
| **ESI/ EPF Subsidy** | 100% reimbursement for domicile workers for 3 years (5 years for persons with disabilities)<br>Addn. 2 years for units in backward areas | | Units employing 100 workers or more (not covered under EPF/PMRPY), 50% EPF for 5 years | Units employing 200 workers or more (not covered under EPF/PMRPY), 60% EPF for 5 years | Garmenting units that get EPF reimbursement for 3 years under EPF/PMRPY, 100% EPF for 2 additional years |
| **Training Subsidy** | ₹2500 - 4000 per person based on location, investment and employment within a period of 3 years | ₹3,000 per person (₹5,000 for units employing >1000 people) for domicile workers | | | |
| **Stamp Duty** | 100% exemption | 100% exemption | 100% exemption, 75% exemption for GB Nagar district | | |
| **Dormitory** | 50% rebate on land cost as per govt. circle rates upto 1-3 acres depending on location, investment and employment | 60% rebate on land cost and conversion charges upto ₹30 lakhs/acre | 60% reimbursement of annual payable interest for 7 years and 100% stamp duty exemption (except in GB Nagar)<br>100% stamp duty exemption for land (except in GB Nagar) upto ₹5 cr. p.a. per park/estate/site; cumulative max. ₹30 cr. | | |
| **Power Subsidy** | ₹0.25-1 per unit based on location, investment and employment for 5 years | ₹1 for ginning and pressing, ₹1-2 for other units depending on investment & employment | | | |

| | Odisha | Telangana | Uttar Pradesh |
|---|---|---|---|
| | | Addn. 50 paisa/ unit for technical textiles for 5 years | |
| **Electricity Duty** | 100% exemption for units with contract demand of up to 5 MVA or with CPP (bio fuel or non-conventional fuel based) for 5 yrs | | 100% exemption for 10 years |
| **Industrial Park / Cluster Development** | 50% of infrastructure cost up to ₹10 crore (₹5 crore for up-gradation)<br>25% subsidy on land cost for first anchor tenant<br><br>For apparel park, Capital subsidy of 20% of project cost up to ₹20 crore and interest free loan up to 10% with a cap of ₹10 crore | Land cost rebate of 50% for first units in textile park up to ₹20 lakh/acre<br>Addn. rebate of 25% up to ₹10 lakhs/acre for technical textiles<br>Rental subsidy of 25% for 5 years for MSME units, built by Government<br>50% cost of support infrastructure up to ₹1 crore or 15% of eligible fixed capital investment<br>50% of cost for setting of ETP up to ₹10 crore and O&M charges;@75% for Year 1&2, @50% for year 3&4, @25% for year 5 | 50% of annual payable interest for 7 years on loan taken for land (except in GB Nagar) up to ₹1 crore pa<br>60% of annual payable interest for 7 years on loan taken for internal infrastructure facilities up to ₹10 crore pa, per textile park/estate, with cumulative max limit of ₹50 crores. (Except GB Nagar)<br>100% stamp duty exemption for developers and 50% exemption for first buyer of every plot/unit. (Except GB Nagar) |
| **Land subsidy** | | | 50% subsidy on land purchased from state govt. agencies (30% for GB Nagar) subject to a limit of 5% of the project cost |
| **Plug & Play set-up** | | | To be developed by state govt. in key areas and leased out to industry |
| **State taxes** | | | * Interest free loan equal to SGST deposited<br>* Reimbursement of net SGST rcvd, with a limit of 25% of capex or actual amount, for 10 years:<br>- 90% for MSME units and units in poorvanchal & bundelkhand<br>- 75% in Madhyanchal & Pashchimanchal<br>- 60% in GB Nagar<br>- 80% for Mega and S. Mega units<br>* 10% of net SGST will be reimbursed additionally to units employing min. 1,000 workers in Pashchimanchal or 750 elsewhere; if the unit fulfills ANY of these conditions:<br>- 25% workers belong to BPL, UP domicile<br>- 50% workers are women, UP domicile<br>- 25% workers are SC/ST, UP domicile |
| **Freight assistance** | | | Reimbursement of freight from unit to port for new garment units:<br>* 75% for first 2 years<br>* 50% for 3rd & 4th year<br>* 25% for 5th year |

*Source: Office of Textile Commissioner*

## Key Happenings in Indian Textile Industry – 2017-18

### A. Decisions/Announcements in various GST Council Meetings in relation to Textile Trade

<table>
<tr><th>GST Council Meeting Timeline</th><th>Key Decisions/ Announcements</th></tr>
<tr><td>28th GST Meeting<br><br>Held on: 21st July 2018</td><td>
1.GST Return Filing process further simplified
<ul>
<li>The new return filing for Quarterly filing taxpayers</li>
<li>Regular taxpayers with a turnover of up to Rs 5 crores can opt to file GST return on a quarterly basis against earlier limit of Rs. 1.5 crores.</li>
</ul>
2. Relief to taxpayers up to 31st August 2018 to complete the registration<br>
3.For Exporters:
<ul>
<li>Extension of the exemption by another year up to 30th September, 2019 granted on outward transportation of all goods by air and sea, as relief to the exporter of goods.</li>
</ul>
4.Fabric Manufacturers:
<ul>
<li>Refund of accumulated ITC - GST Council has recommended for allowing refund to fabrics on account of inverted duty structure.</li>
</ul>
5. GST rates reduction on Textile & Allied Products
<table>
<tr><th>Description</th><th>Existing Rate</th><th>Revised Rate</th></tr>
<tr><td>Chenille fabrics and other fabrics under heading 5801</td><td>12%</td><td>5%</td></tr>
<tr><td>Handloom dari</td><td>12%</td><td>5%</td></tr>
<tr><td>Knitted cap/topi having retail sale value not exceeding Rs 1000</td><td>12%</td><td>5%</td></tr>
<tr><td>Zip and Slide Fasteners</td><td>18%</td><td>12%</td></tr>
<tr><td>Handbags including pouches and purses; jewellery box</td><td>18%</td><td>12%</td></tr>
<tr><td>Handmade carpets and other handmade textile floor coverings (including namda/gabba)</td><td>12%</td><td>5%</td></tr>
<tr><td>Handmade lace</td><td>12%</td><td>5%</td></tr>
<tr><td>Other Handicraft items like Tapestries, Braids & Toran etc.</td><td>12%</td><td>5%</td></tr>
</table>
6. Other Recommendations:
<ul>
<li>Composition dealers to be allowed to supply services (other than restaurant services), for upto a value not exceeding 10% of turnover in the preceding financial year, or Rs. 5 lakhs, whichever is higher.</li>
<li>The threshold exemption limit for registration in the States of Assam, Arunachal Pradesh, Himachal Pradesh, Meghalaya, Sikkim and Uttarakhand to be increased to Rs 20 Lakhs from Rs 10 Lakhs.</li>
<li>Taxpayers may opt for multiple registrations within a State/Union territory in respect of multiple places of business located within the same State/Union territory.</li>
<li>Commissioner to be empowered to extend the time limit for return of inputs and capital sent on job work, upto a period of one year and two years, respectively.</li>
</ul>
</td></tr>
<tr><td>27th GST Meeting<br><br>Held on: May 4, 2018</td><td>
GST Council approves principles for filing of new return design<br>
Key Elements of the new return design are as follows:<br>
One monthly Return<br>
All taxpayers excluding a few exceptions like composition dealer shall file one monthly return.<br>
Unidirectional Flow of invoices
</td></tr>
</table>

| | |
|---|---|
| | • There shall be unidirectional flow of invoices uploaded by the seller on anytime basis during the month which would be the valid document to avail input tax credit by the buyer.<br>• Invoices for B2B transaction shall need to use HSN at four digit level or more to achieve uniformity in the reporting system.<br>**Simple Return design and easy IT interface**<br>The B2Bdealers will have to fill invoice-wise details of the outward supply made by them, based on which the system will automatically calculate his tax liability.<br>**No automatic reversal of credit**<br>Recovery of tax or reversal of input tax credit shall be through a due process of issuing notice and order. The process would be online and automated to reduce the human interface.<br>**Due process for recovery and reversal Supplier side control**<br>Unloading of invoices by the seller to pass input tax credit who has defaulted in payment of tax above a threshold amount shall be blocked to control misuse of input tax credit facility.<br>**Transition** |
| **26th GST Council Meet**<br><br>**Held on: March 10, 2018** | • Extension of tax exemptions for exporters for six months<br>• Reviewed the progress in grant of refunds to exports of both IGST and Input Tax Credit.<br>• Introduced an **e-Wallet scheme** w.e.f. 01.04.2018<br><br>**E- Wallet Scheme**<br>Creation of electronic eWallets, which would be credited with notional or virtual currency by the DGFT. This notional / virtual currency would be used by the exporters to make the payment of GST / IGST on the goods imported / procured by them so their funds are not blocked. |
| **25th GST Council Meet**<br><br>**Held on: Jan 18, 2018** | • Reduced GST on Common Effluent Treatment Plants services of treatment of effluents, from 18% to 12%.<br>• Reduce GST rate on tailoring service from 18% to 5% |
| **24th GST Council Meet**<br><br>**Held on: Dec 16, 2017** | • Discussed about the implementation of e-way Bill system<br>• The Uniform System of e-way Bill for inter-State as well as intra-State movement will be implemented across the country by 1st June, 2018. |
| **23rd GST Council Meet**<br><br>**Held on: Nov 10, 2017** | **Reduction in GST rates 28% to 18% included**<br>• Article of apparel & clothing accessories of leather, guts, furskin, artificial fur and other articles such as saddlery and harness for any animal<br>• Crankshaft for sewing machine, tailor's dummies, bearing housings, gears<br>**Reduction in GST rate from 28% to 12%**<br>• Hats (knitted or crocheted)<br>• Specified parts of sewing machine<br>**Reduction in GST rates from 12% to 5%**<br>• Narrow woven fabric including cotton newar [with no refund of unutilised input tax credit]<br>• Coir cordage and ropes, jute twine, coir products<br>• Worn clothing<br>**Other Changes/ Clarifications**<br>To prescribe that GST on supply of **raw cotton** by agriculturist will be liable to be paid by the recipient of such supply under reverse charge. |

**22nd GST Council Meet**

**Held on: Oct, 6, 2017**

**Reduction in GST rates of the following goods based on HSN**

| HSN Codes | | Existing GST Rate | Revised Rate |
|---|---|---|---|
| 5401 | Sewing thread of manmade filaments, whether or not put up for retail sale | 18% | 12% |
| 5402, 5404, 5406 | All synthetic filament yarn, such as nylon, polyester, acrylic, etc | 18% | 12% |
| 5403, 5405, 5406 | All artificial lament yarn, such as viscose rayon, Cuprammonium, | 18% | 12% |
| 5508 | Sewing thread of manmade staple Fibres | 18% | 12% |
| 5509, 5510, 5511 | Yarn of manmade staple Fibres | 18% | 12% |
| 5605 | Real Zari | 12% | 5% |

**21st GST Council Meeting**

**Held on: September, 9, 2017**

**Reduction in GST rates of the following goods based on HSN**

| HSN Codes | Description | Present GST Rate | Recommended Rate |
|---|---|---|---|
| **50 to 55** | Khadi fabric, sold through Khadi and Village Industries Commission's outlets | 5% | Nil |
| 5801 | Corduroy fabrics | 12% | 5% [with no refund of ITC] |
| 5808 | Saree fall | 12% | 5% |
| 6501 | Textile caps | 18% | 12% |
| 9404 | Cotton quilts | 18% | 5% on cotton quilts not exceeding Rs.1000 per piece, 12% on cotton quilts exceeding Rs.1000 per piece |

**20th GST Meet**

**Held on : Aug, 5, 2017**

**E-way bill Approved:**

- The Council approved the e-way bill rules and decided to implement e-way bill system across the country. The Finance Minister (FM) mentioned in the press conference that e-way bill will not be needed for supply of exempted goods or for a supply within city within 10 km distance. The date from which the e-way bill provisions will come into effect is not yet decided. It was also mentioned that there would not be any check posts and the process would be technology driven with very limited human intervention. Only the consignments with value above INR 50,000/- would be required to comply with e-way bill provisions.

**GST rate on services**

- **Job work** across textile sector (including MMF yarn, garments, made-ups, etc. falling in Chapters 50 to 63) would be subject to tax @ 5%, instead of present multiple rate structure, depending on the activity.

**B. Foreign Trade Policy (2015-2020)**

FTP focused on exports from labour intensive and MSME sectors by way of increased incentives in order to increase employment opportunities. Emphasis will be given on 'Ease of Trading' across borders. Information based policy interventions will be ensured through a State-of-the-Art Trade Analytics Division. While share in traditional products and markets will be maintained, the focus will be on new products and new markets.

**C. Foreign Trade Policy Mid-Term Review**

FTP review focused **on increasing the incentives for labour intensive MSME sectors**. Export incentives under Merchandise Exports from India (MEIS) have been **increased by 2 percent across the board for labour intensive MSME sectors leading to additional annual incentive of Rs. 4,567 crore.** This is in addition to the already announced increase in MEIS incentives from 2 percent to 4 percent for **Ready-made Garments and Made Ups in the labour intensive Textiles Sector with an additional annual incentive of Rs. 2,743 cr**ore. Further, **incentives under Services Exports from India Scheme (SEIS) have also been increases by 2% percent leading to additional annual incentive of Rs. 1,140 crore**.

Thus, incentives under the two schemes have been increased by 33.8 percent (Rs. 8,450 cr) from the existing incentives of Rs. 25,000 crore leading to boost in exports from the labour intensive sectors and increased employment opportunities. Some of the major sectors benefited are as under:

- Rs. 2,743 crore for Ready-made Garments and Made Ups in Textiles Sector
- Rs 921 crore for handmade carpets of silk, handloom and coir and Jute products
- Rs 749 crore for Leather and Footwear Articles

Further, the validity period of Duty Credit Scrips has been increased from 18 to 24 months. Focus will given to Ease of Trading across borders. A professional team to handhold, assist and support exporters in their export related problems, accessing export market and meeting regulatory requirements. The team will also examine the procedures and processes in clearances related to trading across borders for their simplification and rationalization and track progress.

A new scheme of Self-Assessment based duty free procurement of inputs required for exports has been

introduced. There will be no need of Standard Input Output Norms in such cases and this will eliminate delays. It is based on trust. Exporters will self-certify the requirement of duty free raw materials/ inputs. The scheme would initially be available to the Authorized Economic Operators (AEOs) and will get expanded as more exporters join the AEO program. The scheme will improve ease of doing business.

**D. Skill Development Scheme - Samarth scheme**

Samarth (Scheme for Capacity Building in Textile Sector) is a flagship skill development scheme approved in continuation to the Integrated Skill Development Scheme for 12th FYP, Cabinet Committee of Economic Affairs.The industry is facing shortage of skilled workers and provides many opportunities for unemployed youth in the country who are trained in the sector. To address the issue, Central government of India has launched Scheme for Capacity Building in Textile Sector (SCBTS) and named it SAMARTH Scheme. The objectives of the scheme are to provide demand-driven, placement oriented skilling programme to incentivize the efforts of the industry in creating jobs in the organized textile and related sectors to promote skilling and skill up-gradation in the traditional sectors through respective sectoral divisions/organizations of Ministry of Textile; and to provide livelihood to all sections of the society across the country. The Scheme would target to train 10 lakh persons over a period of 3 years (2017-20) with an estimated budget of 1300 crore.

**E. Minimum Support Price Hike on Cotton (MSP)**

Government of India announced 28% hike in Minimum Support Price (MSP) of Cotton ensuring that farmers get at least 50% profit of their actual cost of production. From 2009-10 to 2017-18, MSP increased by Rs.1320/quintal and in 2018-19, it has been increased by Rs.1130/quintal. The Textile & Clothing being an integrated industry, the proposed hike in MSP based on 1.5 times the A2+FL costs would impact each segment along the supply chain raising the final price of the product. Thus, while hike in MSP was indeed a welcome move, yet textile industry requested the government to put in place a delivery mechanism so that industry that is already reeling under the pressure gets the raw material at reasonable prices.

**F. India – WTO Dispute**

India's export friendly programs supporting the exporters of Textiles and Apparel, steel products, pharmaceuticals, chemicals, information technology products, have been challenged by the United States of America Trade Representative (USTR).

**According to the USTR allegations, all key export promotion programs of India namely:**

Merchandise Exports from India Scheme, Export Oriented Units Scheme and Sector specific schemes, including Electronics Hardware Technology Parks Scheme, Special Economic Zones, Export Promotion Capital Goods Scheme and a duty free imports for exporters programme are all providing financial benefits to Indian exporters that allow them to sell their goods more cheaply to the detriment of American workers and manufacturers. Under the special and differential provisions in the WTO's Agreement on Subsidies and Countervailing Measures, least developed countries and developing countries whose gross national income (GNI) per capita is below $1,000 per annum at the 1990 exchange rate are allowed to provide export incentives to any sector that has a share of below 3.25% in global exports.

According to a notification by the Committee on Subsidies and Countervailing Measures last year, India's GNI has crossed the $1,000 mark for three consecutive years in 2015. USTR said that India is no longer eligible for the exception provided in WTO to specified developing countries to offer such export subsidies as it has crossed the economic benchmark limits.

Further, USTR has alleged that despite the expiry of India's exemption in 2015, instead of withdrawing export subsidies, India has rapidly increased coverage of schemes like Merchandise Exports from India Scheme to include more than 8,000 products. There is still confusion over the year from which the eight year period will be calculated. India wants that the reference year should be 2015. India assumed like other developing countries above the $1000 mark that got eight years to phase out the export subsidies at the time the agreement came into force; India also deserves to get eight years for similar action.

USTR data indicates that U.S. goods imports from India totaled **$46.0 billion in 2016, up 2.7** percent ($1.2 billion) from 2015. U.S. imports of services from India were an estimated $26.8 billion in 2016, 8.6 percent ($2.1 billion) more than 2015. The top import categories in 2016 were precious metal and stone (diamonds) ($11 billion), pharmaceuticals ($7.4 billion), mineral fuels ($2.4 billion), miscellaneous textile articles **($2.3 billion), and machinery ($2.1 billion)**

**G. Imports duty increase**

The Indian government recently increased the import duty on over 400 textiles and apparel items. India's imports of textiles and apparel products has increased at an alarming rate of 16 per cent in 2017-18.

Figures suggests that, India imported a total of $7 billion worth of textiles and apparel from the world in 2017-18. This figure has gone up by 16 per cent from previous year's $6 billion. This number is huge considering that India being among the world's largest textiles and apparel manufacturers and second largest exporter. Yarn imports witnessed the largest growth of 31 per cent followed by apparel (30 per cent) and fabric (27 per cent). One of the keys reasons for rising imports is implementation of the goods and services tax (GST) because of which the imports have become cheaper by 15-20 per cent. However, there is still a big issue of imports from Bangladesh where there is full exemption of Basic Customs Duty and hence it is a gateway for Chinese fabric entering India duty free. This is because no rules of origin are in place for duty free imports from Bangladesh.

**Other Key Initiatives Unlocking potential of North Eastern Region in Textiles**

- The Government of India organized the first ever North East Investment Summit focusing on manufacturing in textiles and allied sectors at Shillong during January 29 – 30, 2017, to unveil the potential of the region as a global investment destination. The summit was attended by many central ministries, all NE states, Export Promotion Councils, Industry Associations and investors from India and neighboring countries. 21 emorandum of Understandings (MoU) to promote investment opportunities, business and R&D projects in NER were signed during the summit.
- The Union Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd (EESL), has launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries)for reviving

the powerloom sector of India.

- The Government has planned to connect as many as 5 crore (50 million) village women to charkha (spinning wheel) in next 5 years with a view to provide them employment and promote khadi and also, they inaugurated 60 khadi outlets which were renovated and re-launched during the completion of KVIC s 60th anniversary and a khadi outlet.
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- The Textiles Ministry will organise 'Hastkala Sahyog Shivirs' in 421 handloom-handicrafts clusters across the country which will benefit over 1.2 lakh weavers and artisans.
- The Textile Ministry of India earmarked Rs 690 crore (US$ 106.58 million) for setting up 21 readymade garment manufacturing units in seven states for development and modernization of Indian Textile Sector.
- The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent.
- The Government of India plans to introduce a mega package for the powerloom sector, which will include social welfare schemes, insurance cover, cluster development, and upgradation of obsolete looms, along with tax benefits and marketing support, which is expected to improve the status of power loom weavers in the country.
- The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (A-TUFS), launch of India Handloom Brand and integrated scheme for development of silk industry, for the strategic enhancement of Indian textiles quality to international standard.

**Technical Textiles:** Eleven Focus Incubation Centers (FICs) in Centres of Excellence and in IITs (Delhi, Bombay, Kanpur & Kharagpur) have been established at a cost of Rs. 59.35 crore. FICs will provide plug-and-play facility to potential entrepreneurs to enter technical textiles business.

# PERFORMANCE OF INDIAN TEXTILE & APPAREL SECTOR

India's key strengths in this sector lies in availability of all types of natural and manmade fibers, large pool of manpower across the levels of hierarchy, presence of complete value chain, a large and growing domestic market and design capability. Indian exporters are also well supported by Government Schemes such as Duty Drawback, Rebate of State Levies (ROSL), Merchant Export from India Scheme (MEIS), Advanced Authorization, etc. Several state government like Gujarat, Jharkhand, Maharashtra, etc. are also offering sector specific incentives like capital subsidy, interest subsidy, wage subsidy, etc. These support initiatives allow Indian exporters to overcome a large part of duty disadvantage they face in markets of EU and US where some of the competing nations get a zero duty access. These factors make India a preferred destination for textile investments as compared to its competing nations like Bangladesh, Vietnam, Sri Lanka, etc.

### A. Fiber and Filament Yarns

Cotton is an indispensable commodity for Indian economy and forms the backbone of the Indian Textile Industry. Moreover, Cotton supports two of the oldest and the largest industries in India, namely Agriculture and Textiles. Cotton is cultivated on 37% of the total cultivable land in India and this has enabled India to become the largest manufacturer as well as exporter of Cotton in the world. Man-made staple fibres and filament yarns: Over the years, Indian textile and apparel manufacturing has relied primarily on cotton. Cotton accounts for 73% of India's total fibre consumption as compared to 25% of MMF. Globally, MMF account for more than 70% of the total fibre consumption. The consumption trend of MMF in India has gradually decreased over the last 5 years, while cotton has maintained its position over 70%.Though the consumption of MMF has declined but going forward, due to supply side pressures and price volatility, cotton may struggle to satisfy growing demands, which in turn will increase the consumption of MMF fibres in India.

### B. Spinning

India has a significant share in the Global yarn spinning and is second only to China in production. It is considered the most modern and globally competitive segment of the entire textile and apparel value chain in India. The total production of spun yarn in 2017-18 was estimated to be around 5,676 mn. Kg. with cotton occupying nearly 73% of the share. Indian manufacturers have the capabilities to produce all kinds of spun yarns including blended and MMF yarns. However, Cotton yarn production has been

stagnant over last 2-3 years and exports are declining.

### C. Weaving

India's weaving sector comprises of 3 distinct sectors viz. organized mills, power looms and handloom sector. The installed capacities in India are as follows: Installed Capacities (2016-17) With an annual production of 47 bn. Sqm., India is among the world

| Item | Units |
|---|---|
| Looms (Organised Sector) | 69,000 |
| Powerlooms | 2.86 mn. |
| Handloom | 2.38 mn. |

*Source: Office of Textile Commissioner*

leaders in woven fabric manufacturing. Moreover, there has been a significant increase in the shuttle less looms in the country due to government liberal policy for power loom sector. This has propelled the woven fabric exports of India to worth US$ 4.6 bn. in 2017-18. The organized Loom sector contributes only 5% to the total production, while the decentralized power looms produce three fourth of the total woven fabrics. The Indian weaving industry faces challenges from China due to slightly inferior production technology and lack of investment towards product development.

### D. Knitting

The knitting sector in India is at an infant stage, contributing just 1% to the global knit fabric trade when compared to over 50% share of China in the same segment. One of the reasons being the lack of major knitting mills, thus most of the knit fabrics is manufactured in small decentralized mills. India produced around 17.5 bn. Sqm knitted fabric, which when compared to woven fabric accounts for just 27% of the total fabric produced in 2017-18.

### E. Fabric Dyeing and Processing

This is the key area of production which determines the strength of the textile value chain as it convert griege fabric into fashion fabric for readymade garment exports and made-ups exports. This is the segment where India lacks the most, since we have sufficient manufacturing capacities but lack the innovation needed to produce specialty products. India lacks large composite units with world class technology and requisite skills to produce fabrics, which meets the approval of the international buying houses.

### F. Garment Sector

This is a highly fragmented and decentralized segment of the textile and apparel value chain in India. As high as 90% of the manufacturing units fall under the Small and Medium Enterprises (MSE) category. The garment industry is spread across 12 states and has over 71,000 individual units. However, these units lack high level of productivity when compared to manufacturing systems applied in neighboring countries like Bangladesh, Indonesia and China. The Indian apparel exports are experiencing turbulence at moment and have fallen about 4% in 2017-18 due to the newly implemented GST and registered an export of worth US$ 16.7 Billion.

### G. Technical Textiles

Technical textiles are defined as textile materials and products used primarily for their technical performance and functional properties. Technical textiles have been classified into 12 segments based on their applications:

The technical textiles segment in India is gaining pace, with national and international companies investing extensively towards production in India. The current

Indian Technical Textiles market is estimated to be around US$ 19 bn. in 2017-18 and is expected to grow at a CAGR of 12% by 2020.

## Production

The Textiles & Apparel industry in India has the second largest vertically integrated production base in the world after China, and accounts for 14% of India's industrial production.

## Textile Production Performance Growth Rates of Index of Industrial Production YoY %)Fibre

| Industry Code | Description | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 (Apr - June) |
|---|---|---|---|---|---|---|---|
| 13 | Manufacture of textiles Manufacture Of wearing apparel | 4.3 | 3.8 | 2.1 | -1.7 | -0.3 | -0.4% |
| 14 | | 16.0 | -0.3 | 14.5 | 15.8 | -10.7 | -4.9% |

Source: *Central Statistics Office*

## A. Natural Fibres

The production of raw cotton was 6,200 mn. kg in 2017-18. It has declined at a CAGR of 2% from 6,770 mn. kg in 2013-14. Production of silk has declined at a CAGR of 3% during the same period.

*Table 3: Production of Natural Fibre in India (Values in Mn. Kg)*

| Year | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 (P) | CAGR |
|---|---|---|---|---|---|---|
| Raw Cotton | 6,770 | 6,562 | 5,746 | 5,865 | 6,200 | -2% |
| Silk | 26 | 29 | 29 | 30 | 32 | -3% |
| Wool | 48 | 48 | 47 | 46 | 46 | -1% |
| Jute | 1,710 | 1,296 | 1,170 | 1,620 | 1,724 | 0.2% |

*Source: Office of Textile Com missioner, International Sericultural Commission, Department of Agriculture Cooperation & Farmers Welfare*

## B. Man-made Staple Fibres

The production of man-made staple fibres was 1,319 mn. kg in 2017-18. It has seen a minuscule change over the last five years. Except for Acrylic, the production of all man-made staple fibres viz. viscose, polyester and others have increased.

*Table 4: Production of Man-made Fibres in India (Values in Mn. Kg)*

| Year | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 (P) | CAGR |
|---|---|---|---|---|---|---|
| Viscose | 361 | 365 | 342 | 365 | 370 | 1% |
| Polyester | 846 | 882 | 894 | 899 | 852 | 0.2% |
| Acrylic | 96 | 93 | 107 | 96 | 93 | -0.8% |
| Others | 4 | 5 | 5 | 4 | 4 | 0% |
| **Total** | **1,307** | **1,345** | **1,348** | **1,364** | **1,319** | **0.2%** |

*Source: Office of Textile Commissioner*

## C. Filament Yarn

The production of filament yarn was 1,187 mn. kg in 2017-18. It has declined at a CAGR of 2% in the last five years. However, the production of Nylon filament yarn has increased at a CAGR of 13% to reach 39 million kg in 2017-18. The production of Viscose filament yarn has increased at a CAGR of 2% during the same period.

## D. Spun Yarn

*Table 5: Production of Filament Yarn in India (Values in Mn. Kg)*

| Year | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 (P) | CAGR |
|---|---|---|---|---|---|---|
| Viscose | 44 | 44 | 45 | 46 | 47 | 2% |
| Polyester | 1,212 | 1,158 | 1,069 | 1,060 | 1,090 | -3% |
| Nylon | 24 | 33 | 37 | 41 | 39 | 13% |
| Polypropylene | 13 | 13 | 13 | 11 | 11 | -4% |
| **Total** | **1,293** | **1,248** | **1,164** | **1,159** | **1,187** | **-2%** |

*Source: Office of Textile Commissioner*

*Table 6: Production of Spun Yarn in India (Values in Mn. Kg)*

| Year | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 (P) | CAGR |
|---|---|---|---|---|---|---|
| Cotton | 3,928 | 4,055 | 4,138 | 4,061 | 4,059 | 1% |
| Blended | 896 | 920 | 972 | 1,034 | 1,063 | 4% |
| 100% Non-Cotton | 485 | 513 | 555 | 572 | 553 | 3% |
| **Total** | **5,309** | **5,488** | **5,665** | **5,667** | **5,676** | **2%** |

*Source: Office of Textile Commissioner*

The production of spun yarn has increased at a CAGR of 2% in the last five years. Within this, the production of Blended yarn has increased to 1,063 mn. kg at a CAGR of 4%.

## E. Fabric

The production of fabric has increased this year. Since 2013-14, the production of fabric has increased at a CAGR of 0.4% to reach 64,679 sq. m in 2017-18. Production of cotton fabric, blended fabric and fabrics like khadi, wool and silk has increased at a rate of 2%, while the production of 100% Non-Cotton fabric has declined at 6% during the same period.

*Table 7: Production of Fabric in India (Values in Mn. Sqm)*

| Year | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 (P) | CAGR |
|---|---|---|---|---|---|---|
| Cotton | 35,513 | 36,959 | 38,440 | 38,837 | 39,894 | 2% |
| Blended | 10,062 | 10,449 | 10,809 | 11,080 | 11,384 | 2% |
| 100% Non-Cotton | 17,049 | 16,924 | 15,335 | 13,563 | 15,236 | -2% |
| Khadi, Wool & Silk | 876 | 944 | 921 | 941 | 941 | 1% |
| **Total** | **63,500** | **65,276** | **65,505** | **64,421** | **67,455** | **1%** |

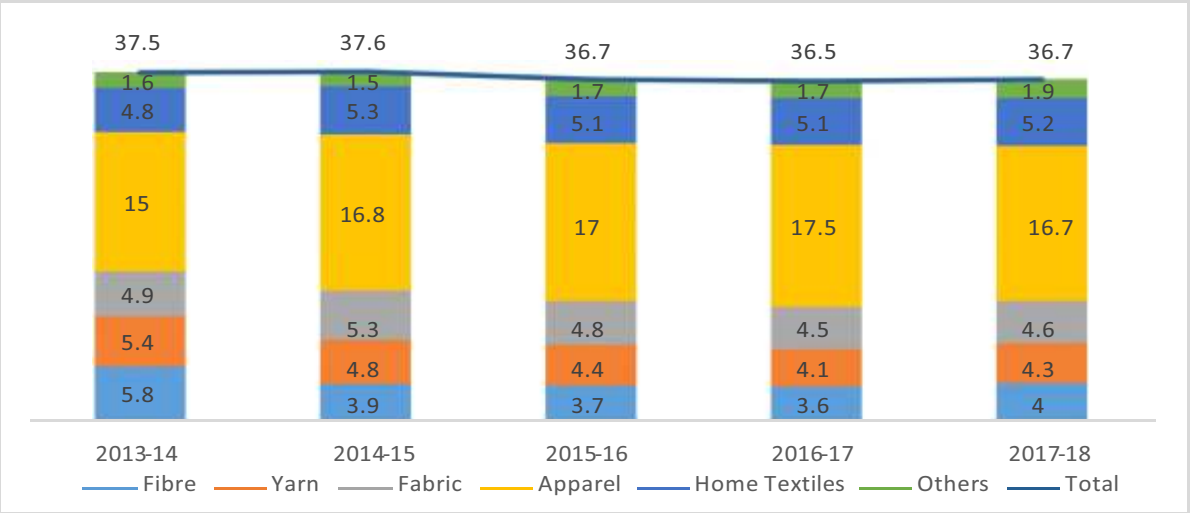
*Source: Office of Textile Commissioner, CITI Analysis*

### 3. Exports

Textiles sector is one of the largest contributors to India's exports with approximately 13% of total exports. India's textile & apparel exports (Chapter 50 to 63) were US$ 36.7 billion in 2017-18.

Apparel is the largest category exported from India having a share of 46% in the total T&A exports during 2017-18. The apparel exports have constantly increased from US$ 15 billion in 2013-14 to US$ 17.5 billion in 2016-17. However, in the last year there has been a major dip in the exports in the apparel category.

*Figure 4: Indian Textile & Apparel Exports (in US$ Bn.)*




*Source: DGCI&S*

*Figure 5: Share of Textile & Apparel Exports*

**Top 20 Categories Exported in 2017-18**

The top 20 commodities (HS-4) have a share of 72% of the total textile and apparel exports from India.

The exports of these top 20 commodities is given below:

Table 8: India's Top 20 Exported Textile & Apparel Categories (in US$ Million)

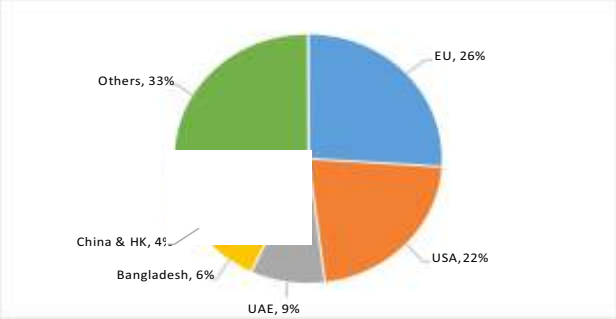
| HS–Code | Description | Category | 2013-14 | 2017-18 | CAGR | Top Markets (2017-18) |
|---|---|---|---|---|---|---|
| 5205 | Cotton yarn (other than sewing thread) containing 85% or more by weight of cotton not put up for retail sale | Yarn | 4,521 | 3,367 | -7% | • China & HK (27%)<br>• Bangladesh (20%)<br>• Pakistan (8%) |
| 6109 | Cotton yarn (other than sewing thread) containing 85% or more by weight of cotton not put up for retail sale | Apparel | 2,458 | 2,617 | 2% | • USA (21%)<br>• UAE (19%)<br>• Germany (9%) |
| 6204 | Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace over | Apparel | 2,348 | 2,421 | 1% | • USA (25%)<br>• USA (12%)<br>• UK (11%) |
| 5201 | Cotton, not carded or combed | Fibre | 3,528 | 1,754 | -16% | • Bangladesh (42%)<br>• Vietnam (18%)<br>• Pakistan (16%) |
| 6304 | Other furnishing articles, excluding those of heading | Home Textiles | 1,633 | 1,623 | 0% | • USA (54%)<br>• UK (6%)<br>• Germany (5%) |
| 6302 | Bed linen, table linen toilet linen and kitchen linen | Home Textiles | 1,288 | 1,542 | 5% | • USA (63%)<br>• Germany (5%)<br>• UK (4%) |
| 6206 | Track suits, ski-suits & swimwear, not knit etc. | Apparel | 780 | 1,285 | 13% | • USA (26%)<br>• UK (12%)<br>• UAE (7%) |
| 6205 | Men's or boy's shirts | Apparel | 1058 | 1,230 | 4% | • UAE (26%)<br>• USA (20%)<br>• UK (4%) |
| 5402 | Synthetic filament yarn (other than sewing thread) not put up for synthetic monofilament of less than 67 deci-tex | Filament | 1,260 | 1,123 | 1% | • UAE (25%)<br>• USA (24%)<br>• UK (6%) |
| 5208 | Woven fabrics of cotton containing>=85% by | Fabric | 917 | 1,107 | 3% | • Sri Lanka (10%)<br>• Bangladesh(10%)<br>• Senegal (9%) |

| HS–Code | Description | Category | 2013-14 | 2017-18 | CAGR | Top Markets (2017-18) |
|---|---|---|---|---|---|---|
| | weight of cotton weighing not more than 200 g/m2 | | | | | |
| 5407 | Woven fabrics of synthetic filament yarn including woven fabrics obtained from materials of heading 5404 | Fabric | 1,218 | 910 | -7% | • UAE (15%)<br>• USA (19%)<br>• UAE (17%) |
| 6111 | Babies' garments and clothing accessories, knitted or crocheted | Apparel | 627 | 877 | 9% | • UK (21%)<br>• USA (19%)<br>• UAE (17%) |
| 6305 | Sacks and bags, of a kind used for the packing of goods | Others | 657 | 800 | 5% | • USA (21%)<br>• Germany (9%)<br>• UK (8%) |
| 6105 | Men's/boys' shirts, knitted/crocheted | Apparel | 622 | 705 | 3% | • UAE (33%)<br>• UAE (15%)<br>• UK (15%) |
| 6104 | Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace over | Apparel | 621 | 676 | | • USA (18%)<br>• UAE (15%)<br>• UK (15%) |
| 6107 | Men's/boys' underpants, briefs nightshirts, pyjamas, bathrobes etc., knitted/crocheted | Apparel | 397 | 670 | 14% | • UAE (31%)<br>• USA (22%)<br>• Germany (10%) |
| 6307 | Other made up articles, including dress patterns | Others | 455 | 624 | 8% | • USA (33%<br>• UAE (11%)<br>• UK (6%) |
| 6114 | Other garments, knitted or crocheted | Apparel | 479 | 592 | 5% | • USA (40%)<br>• UK (12%)<br>• Germany (8%) |

## Top Markets

European Union continues to remain the biggest market for Indian textiles and apparel products in 2017-18 with a share of 26% followed by USA with a share of 22%, UAE with a share of 7%, Bangladesh with a share of 6% and China & HK with a share of 4% respectively. Textile and apparel exports to UAE has shown highest CAGR of 6% over last five years followed by Bangladesh with CAGR of 4%. The exports to China & Hong Kong have shown a sharp decline of 24% in the same period.

*Figure 6: Top Markets for India's T&A Products in 2017*




*Source: DGCI&S*

## 3.3.4 Imports

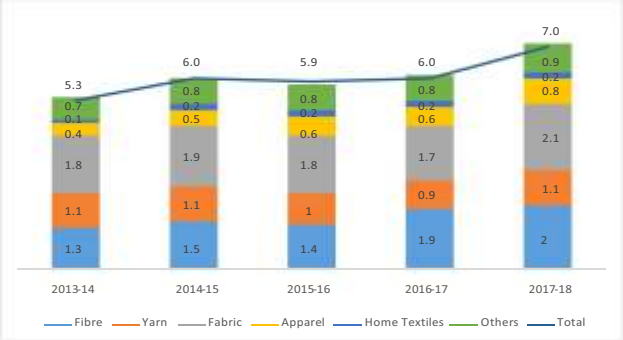
Indian imports of textile & apparel products has grown at a CAGR of 9% over the last five years to reach US$ 7.0 billion in 2017-18. Fabric is the largest category imported in India having a share of 27% in the total T&A imports during 2017-18. The fabric imports have constantly increased from US$ 1.8 billion in 2013-14 to US$ 2.1 billion in 2017-18.

*Table 9: Last 5 years exports to top markets (in US$ Mn.)*

| Markets | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | CAGR |
|---|---|---|---|---|---|---|
| EU | 9,478 | 9,888 | 9,294 | 9,267 | 9,731 | 1% |
| USA | 6,704 | 7,154 | 7,519 | 7,674 | 7,817 | 4% |
| UAE | 2,676 | 3,733 | 4,469 | 4,724 | 3,422 | 6% |
| Bangladesh | 1,926 | 1,973 | 2,088 | 2,123 | 2,309 | 5% |
| China & HK | 4,414 | 2,788 | 2,140 | 1,828 | 1,501 | -24% |
| Others | 12,277 | 12,118 | 11,217 | 10,861 | 11,958 | -1% |
| **Total** | **37,475** | **37,654** | **36,727** | **36,477** | **36,738** | 0% |

*Source: DGCI&S*

*Figure 7: Indian Textile & Apparel Imports (in US$ Bn.)*




*Source: DGCI&S*

**Top 20 Categories Imported in 2017-18**

The top 20 commodities (HS-4) have a share of 60% of the total textile and apparel imports in India. The imports of these top 20 commodities is given below:

Table 11: India's Top 20 Imported Textile & Apparel Categories (in US$ Million)

| HS–Code | Description | Category | 2013-14 | 2017-18 | CAGR | Top Markets (2017-18) |
|---|---|---|---|---|---|---|
| 5201 | Cotton, not carded or combed | Fibre | 390 | 971 | 26% | • USA (47%)<br>• Australia (15%)<br>• Egypt (8%) |
| 5903 | Textile fabrics impregnated, coated, covered/laminated withplastics excluding those of heading no. 5902 | Fabric | - | 469 | - | • China & HK (83%)<br>• Korea (3%)<br>• Taiwan (3%) |
| 5402 | High tenacity yarn of nylon or other polyamides, whether or not textured | Filament | - | 442 | - | • China & HK (27%)<br>• Vietnam (25%)<br>• Korea (9%) |
| 6006 | Other knitted or crocheted fabrics | Fabric | - | 363 | - | • China & HK (82%) |
| 5101 | Wool not carded or combed | Fibre | 325 | 292 | -3% | • Australia (61%)<br>• New Zealand (9%)<br>• Malaysia (4%) |
| 5902 | Tyre cord fabric of high tenacity yarn of nylon or other polyamides, polyester or viscose rayon | Fabric | 271 | 244 | -3% | • China & HK(46%)<br>• Taiwan (18%)<br>• Thailand (17%) |
| 5603 | Nonwovens, whether or not impregnated, coated, covered or laminated | Others | 124 | 232 | 17% | • China & HK (36%)<br>• Germany (7%)<br>• UAE (7%) |
| 5407 | Woven fabrics of synthetic filament yarn including woven fabrics obtained from materials of heading no. 5404 | Fabric | 159 | 201 | 6% | • China & HK (72%<br>• Korea (8%)<br>• Taiwan (4%) |
| 5509 | Raw silk (not thrown) | Fibre | 149 | 189 | 6% | • China & HK (76%)<br>• Vietnam (20%)<br>• Malaysia (2%) |

| HS–Code | Description | Category | 2013-14 | 2017-18 | CAGR | Top Markets (2017-18) |
|---|---|---|---|---|---|---|
| 5503 | Synthetic staple fibres, not carded, combed or otherwise processed for spinning | Fibre | 149 | 177 | 4% | • China & HK (38%)<br>• Thailand (12%)<br>• Korea (12%) |
| 6203 | Mens or boys suits, ensembles, jackets, blazers, trousers, bib and brace overalls breeches and shorts (other than swimwear) | Apparel | 96 | 139 | 10% | • Bangladesh (60%)<br>• China & HK (12%)<br>• Spain (9%) |
| 5403 | Artificial filament yarn (excluding sewing thread), not put up for retail sale, including artificial monofilament of less than 67 decitex | Filament | 390 | 136 | -23% | • China & HK (58%)<br>• Japan (40%)<br>• Germany (1%) |
| 6005 | Warp knit fabrics (including those made on galloon knitting machines), other than those of headings 6001 to 6004 | Fabric | 120 | 106 | -3% | • China & HK (90%)<br>• Korea (5%)<br>• Taiwan (1%)<br>• Sri Lanka (1%) |
| 5306 | Flax Yarn | Yarn | 390 | 105 | -27% | • China & HK (99%)<br>• Italy (1%) |
| 6310 | Used/new rags, scrap twine, cordage, rope and cables and worn out articles of twine, cordage, rope/cables, of | Others | 63 | 101 | 12% | • Bangladesh (20%)<br>• Pakistan (13%)<br>• Korea (11%) |
| 6304 | Other furnishing | Home | 390 | 101 | 40% | • China & HK (64%)<br>• Vietnam (32%)<br>• UAE (1%) |
| 6309 | Worn clothing and other worn articles | Others | 117 | 98 | -4% | • USA (53%)<br>• Canada (16%)<br>• Korea (16%) |
| 5504 | Artificial staple fibres, not carded, combed or otherwise processed | Fibre | 58 | 94 | 13% | • Austria (50%)<br>• Indonesia (32%)<br>• China & HK (6%) |
| 6004 | Knitted or crocheted fabrics of width 30 cm, continuing elastomeric yarn/rubber greater than or equal to 5% by weight, except heading no. 6001 | Fabric | 25 | 87 | 36% | • China & HK (68%)<br>• Sri Lanka (23%)<br>• Taiwan (2%) |

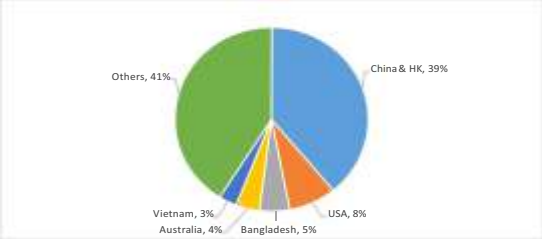
# CATEGORY WISE MAJOR SUPPLIERS FOR TEXTILE AND APPAREL PRODUCTS ARE AS FOLLOWS

| | |
|---|---|
| • Fibre | China & HK, Australia, Malaysia |
| • Filament | China & HK, Japan, Vietnam |
| • Spun Yarn | China & HK, Indonesia, Nepal |
| • Fabric | China & HK, Taiwan, Korea |
| • Apparel | Bangladesh, China & HK, Spain |
| • Home Textiles | China & HK, Vietnam, UAE |
| • Others | USA, Korea, China & HK |

## Top Suppliers

China & HK continues to remain the biggest supplier for Indian textiles and apparel products in 2017-18 with a share of 39% followed by USA with a share of 8%, Bangladesh with a share of 5%, Australia with a share of 4% and Vietnam with a share of 3% respectively.

*Figure 8: Top Suppliers for India's T&A products in 2017-18*




*Source: DGCI&S*

## Key Issues Faced By the Indian Textile and Apparel Industry and Recommendations

### GST Related Issues

GST is a destination based tax structure and it is levied only at the consumption point. Under this structure, a merchant has to pay tax only on the value addition of its product and allows manufacturers and retailers to reclaim input tax credit paid during

*Table 143: Category-wise Exports post GST (Values in US$ Mn.)*

| Category | July 16-May 17 | July 17-May 18 | CAGR |
|---|---|---|---|
| Fibre | 1,875 (33%) | 1,694 (26%) | -10% |
| Filament | 513 (9%) | 589 (9%) | 15% |
| Yarn | 309 (5%) | 406 (6%) | 32% |
| Fabric | 1,767 (31%) | 2,176 (34%) | 23% |
| Apparel | 561 (10%) | 756 (12%) | 35% |
| Home Textiles | 232 (4%) | 269 (4%) | 16% |

the purchase of raw material thus setting off the indirect tax. This feature eliminates the cascading effect of taxes which used to trickle down to the end consumers.

Under the new GST regime, textile commodities fall under the 0% to 18% tax cloud. The below given table illustrates the change in the tax structure at different segments in the textile industry:

The textiles and clothing industry has been affected post GST which is quite visible from the continuously rising imports of textile and apparel commodities and declining exports of our apparel products. The increase in imports poses different threats and challenges as pre-GST, import of textile products were attracting BCD plus CVD and SAD. However, post-GST, CVD and SAD were withdrawn and IGST was introduced. However, Post GST the effective import duties have come down steeply, thus, making imports cheaper for the domestic industry by 15-20%.

*Table 133: Category-wise Exports post GST (Values in US$ Mn.)*

| Category | July 16-May 17 | July 17-May 18 | CAGR |
|---|---|---|---|
| Fibre | 2,524 (7%) | 2,763 (8%) | 9% |
| Filament | 1,020 (3%) | 1,196 (4%) | 17% |
| Yarn | 3,707 (11%) | 4,229 (13%) | 14% |
| Fabric | 4,163 (12%) | 4,215 (13%) | 1% |
| Apparel | 16,354 (48%) | 14,501 (43%) | -11% |
| Home Textiles | 4,730 (14%) | 4,753 (14%) | 0.5% |
| Others | 1,614 (5%) | 1,804 (5%) | 12% |
| **Total** | **34,112** | **33,461** | **-2%** |

*Source: DGCI&S*

The change in import duties has adversely affected the entire textile value chain resulting in increase in imports from competing countries like China, Indonesia, Thailand, etc. The FTAs with Bangladesh and Sri Lanka have made the situation worse as other countries route their textile products duty free into India through them as India has no Rule of Origin in place.

### Recommendations

- Streamline certain unresolved textile related issues
- Expedite refunds
- Simplify returns for MSME segment

The SAFTA and other FTAs should be amended with a clause for Rule of Origin of the Goods. This will prevent other countries from dumping products duty-free into India which will effectively bring down the textile imports of India or attract an import duty.

The government should impose a standard import duty of 20% on all the remaining key fabric categories as done last year to provide competitive edge to the domestic manufacturers.

### Cotton Fibre

The Government should focus on improving the

productivity of cotton. India when compared to other countries has a far less yield of cotton. This can be achieved by launching the TMC II (Technology Mission on Cotton) at the earliest. Better quality of seeds as well as fertilizers should be made available to the farmers.

The farmers should be encouraged to grow ELS variety of cotton which will help substitute the import of Supima and Giza cotton.

Also, emphasis should be given to the education of farmers regarding contamination of cotton. The Indian cotton is among the most contaminated cotton in the world and thus fetches discounted price. Farmers can be provided with hats and clean bags for storage and transportation of cotton which will result in improved quality of cotton. The new increased MSPs upto 28% of the previous value have been welcomed by the farmers. However, the role of CCI should be sharply defined and the Selling Policy should be made transparent.

**Man-made Fibres**

The government should follow up the decision of reducing GST on MMF fiber from 18% to 12% and reduce the GST on MMF yarn from 12% to 5%. This will make domestic manufacturer of MMF based textiles more competitive and could help curb the imports.

**Cotton Yarn**

To promote cotton yarn, the Government can extend the MIES benefits to cotton yarn, which are currently provided to every other segment in the textile value chain including MMF spun yarn. Moreover, embedded taxes (central & state taxes and levies) not refunded by way of drawback and exogenous costs like logistics, infrastructural costs, etc. account for more than 6% for spun yarn.

The current Hank yarn obligation (HYO) provision provided by the government, which compels the textile mills to produce a minimum 40% of the yarn as hank yarn. This obligation is deterrent and a threat to the economic viability of manufacturing cotton yarn and thus, should be removed or at the least be reduced from the current 40% to 20% to enable Ease of Doing Business for the entire cotton textile industry.

Another major issue is increasing trade deficit with China. Until a few years ago, India was the largest exporter of cotton yarn to China. However, in recent years India has lost this position to Vietnam which attracts 0% import duty in China. Thus, the Government should negotiate for a 0% import duty in China on Indian cotton yarn.

**Fabric**

The Government should increase the MIES provided on Fabrics from 2% to 4% to bring it in line with the garments and bring uniformity in the supply chain. Another reason for the poor competitiveness of Indian fabrics is due to the unadjusted taxes/levies which account for about 7% of processed fabric cost. To make India globally competitive, the Government should allow ROSCL (both at the state and the Centre level) for fabrics export and enable easier and faster refunds of GST and ROSL Drawback. The embedded taxes levied under the ROSL should also be reimbursed as a drawback.

Pakistan, Vietnam and Indonesia enjoy the special provision of 0% import duty in China, The Government of India should also negotiate for the same status with the Chinese authorities to provide a more level playing field for the Indian fabrics.

**Garments**

The pre-GST era saw an export incentive to the extent of 11.1% of FOB value for the garment exporters. These incentives included Duty Drawback at 7.6%, ROSL at 3.5% and service tax refund on forwarding cost at 0.21% of the FOB value of the garment which created a suitable ecosystem for garment exporters. The garment exportbusiness being very competitive, export incentives have always been considered an offset in the pricing, absence of which has left a very thin margin for the exporters. Earlier all the major cost components of garment manufacturing were exempted from input taxes, however these have now started attracting tax in GST regime. To make this

worse, Pakistan and Bangladesh enjoy duty-free exports to EU and USA, giving them an advantage of more than 10% when compared to India which makes them more competitive while still managing higher margins.

The reduction in the export incentives has not just affected the existing business but also threatens the future orders and investments.

**Technology Upgradation Fund Scheme (TUFS)**

The Government of India should take urgent steps to streamline the release of funds under the TUFS scheme. A total of 9,303 cases of non-payment of funds amounting to Rs. 6000 crores are pending which need to be resolved. The agency appointed in January 2017 to conduct the study for the scheme has failed to submit any report. The Ministry of Textile should develop an automated system and advice financial institutions regarding uploading the committed liabilities and final claims online for the ease of applicants. Also, the Ministry can form a commonplace to display the status of the pending cases so that the applicants can easily follow up.

Another issue is the under performance of the Amended TUFS. Under which, 5,500 UIDs were issued in the course of last 2 years covering a project cost of around Rs. 21,000 crores and involving around Rs 1,600 crores subsidy. The step received appreciation from the industry. However, the disbursement under the scheme is less than Rs. 3 crore covering only 30 beneficiaries at present. The implementation of the scheme should be streamlined and funds should be released so that mills can upgrade at the earliest.

**Other Issues**

- Alternative WTO compliant scheme for MEIS and other export incentives
- FTA with major T&C importing countries namely EU and USA be put on fast track Negotiations with China to give duty free access to Indian cotton textiles as India's trade deficit with China is increasing.

# UNION BUDGET 2018-19

**Budget Highlights**

- Budgetary allocation for Textile sector of Rs.7,148 crores
- ROSL has been increased from Rs.1855 crores to Rs. 2164 crores.
- For ATUFS, the allocation has also been increased from to Rs. 2300 crores from Rs. 1956 crores.
- MSP for all unannounced kharif crops will be one and half times of their production cost like majority of rabi crops: Institutional Farm Credit raised to 11 lakh crore in 2018-19 from 8.5 lakh crore in 2014-15.
- 22,000 rural haats to be developed and upgraded into Garmin Agricultural Markets to protect the interests of 86% small and marginal farmers.
- World's largest Health Protection Scheme covering over 10 crore poor and vulnerable families launched with a family limit upto 5 lakh rupees for secondary and tertiary treatment.
- Deduction of 30 percent on emoluments paid to new employees Under Section 80-JJAA to be relaxed to 150 days for footwear and leather industry, to create more employment.
- A sum of Rs. 3794 crore has been provided for giving credit support, capital and interest subsidy and for innovations. MUDRA Yojana launched in April, 2015 has led to sanction of Rs.4.6 lakh crore in credit from 10.38 crore MUDRA loans. 76% of loan accounts are of women and more than 50% belong to SCs, STs and OBCs.
- Proposal to extend reduced rate of 25 percent currently available for companies with turnover of less than 50 crore (in Financial Year 2015-16), to companies reporting turnover up to Rs. 250 crore in Financial Year 2016-17, to benefit micro, small and medium enterprises.
- Amendments in the Employees Provident Fund and Miscellaneous Provisions Act, 1952 to reduce women employees' contribution to 8% for first three years of their employment against existing rate of 12% or 10% with no change in employers' contribution.

**CITI's Reaction to Union Budget 2017-18**

Mr. Sanjay Jain, Chairman, CITI welcomed the budgetary allocation for textile sector of Rs.7,148 crores in the Union Budget 2018-19 and the announcements pertaining to the MSME sector. CITI Chairman, Mr Sanjay K Jain's response to some of the key budget announcements related to Textiles sector are as follows:

**A. MSME Sector**

- Mr. Jain pointed out that the Budget has given a big thrust to Medium, Small and Micro Enterprises (MSMEs) to boost employment and economic growth.
- In order to reduce the tax burden on MSMEs, the corporate tax has been reduced to 25% who have reported turnover up to Rs. 250 crores will benefit 99% of textiles sector as it's primarily in the MSME segment.
- Hon'ble Finance Minister may soon announce measures to effectively address NPAs and stressed accounts for MSMEs which will have a fa-reaching impact on the textile industry.

**B. Textile and Apparel Sector**

- Outlay for Textiles is Rs. 7,148 crore for 2018-19 against Rs. 6,222 crores last year.
- ROSL: The budgetary allocation for ROSL has been increased from Rs.1855 crores to Rs. 2164 crores. This will help the exporters of made-ups and apparels as backlog will be cleared and working capital released
- ATUFS: For ATUFS also, the allocation has also been increased from to Rs. 2300 crores from Rs. 1956 crores. This would mean that companies will get their arrears faster.
- Procurement of Cotton by CCI under Price Support Scheme: A large part of the increase has gone to CCI for performing MSP operations and hence won't help the industry. The allocation has been increased from Rs 303 crores to Rs. 924 crores. It will benefit farmers but as market prices are higher than MSP in this year hence the budget may not be actually increased. Hence the actual fund allocation increase is just Rs 276 crores for the industry.
- Basic custom duty on silk fabric increased to 20% from 10% would save the industry from dumping from China. The industry post GST is facing higher imports post GST across the value added segment and was seeking increase in BCD across yarn and fabric – hence disappointed with this partial measure.

**MSP on cotton**

- The MSP of all crops shall be made 1.5 times that of the production cost. This will benefit cotton farmers, however, it will result in high inflation for the consumers of the country (as cotton constitutes 70% of the consumption) and the downstream segments. This would also make our industry uncompetitive internationally. Currently cotton MSP is 22.71% over A2 + FL (actual cost plus imputed value of family labour) which is Rs 3,276 per quintal as per CACP data. If we take this as base, it means another 22% increase which will make the industry uncompetitive and lead to high inflation of cotton textiles. The industry has been requesting to change from MSP to direct subsidy system, so that the profit protection measure of farmers doesn't impact the textile consumer and the value-added industry. Three years back, China has also converted from MSP system to direct subsidy system to reduce the huge stock pile which happened due to MSP being much higher than international prices.

**EPF and Labour Reforms**

- Extension of fixed term employment for all segments which was earlier only for apparel and made-ups and contribution of 12% of the wages of the new employees in the EPF for first 3 years is welcome measure.

**Others**

- Health Care Program-Modi Care will benefit Textiles workers and reduce the problem of absenteeism and cost of healthcare on workers.
- Construction of 9,000 km of national highways by end of FY 19 and Rs.50 lakh crore for infrastructure development will enable smooth textile trade.
- National Livelihood Scheme of Rs.5750 crores will benefit textile sector in rural areas.

Mr. Jain stated that several measures have been announced in the Budget which will benefit the MSME sector. However, steps need to be taken to correct the imbalance caused by the GST. The whole industry is being hit by the imports post GST. The industry has been asking the Government for increase in import duty across the value chain (yarn and fabric) and it is a big disappointment for the industry that industry's recommendations have not been addressed.

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

YEARS OF SERVICE TO THE TEXTILE INDUSTRY

# ACTIVITIES 2017-18

## SANJAY JAIN (CITI Chairman & MD, TT Ltd) Awarded "Global Business Award".

Mr. Sanjay K. Jain, Chairman, Confederation of Indian Textile Industry (CITI) and Managing Director of TT Ltd has been awarded the Prestigious BW Businessworld & GOPIO Global Business Award for " Contribution to India's International Trade by a Resident Indian".

Global Organisation of People of Indian Origin (GOPIO) was founded in New York in 1989 by People of Indian origin from 30 countries. Today they are an important international think tank with a vast international footprint. This award has been established by them in conjunction with the 37 year old Business World Magazine. This Award is to celebrate and commemorate the achievements of Indian and International business houses that contribute to India's international trade through bilateral and multilateral trade trade across industries and regions, thus strengthening the Indian economy.

The awards ceremony will be held in Bahrain in conjunction with GOPIO Biennial Convention and Pravasi Sammelan 2018 on January 7th, 2018.

Mr Jain has travelled to over 50 countries and TT Ltd has had business relations with more than 65 countries across the world. He is an IIM, Ahmedabad Gold Medalist and apart from business is active in various industry associations and social organisations.

# CITI ACTIVITIES 2017-18

*CITI delegation with the Hon'ble Union Minister of Finance, Shri Arun Jaitley*

*CITI delegation with the Hon'ble Union Minister of Textiles, Smt Smriti Zubin Irani*

*CITI delegation with the Hon'ble Union Minister of Finance, Shri Arun Jaitley*


*9th ATEXCON*

*CITI Chairman with Uzbekistan Textile Minister at 60th AGM*

*CITI Chairman at Apparel Connect 2018*


*CITI Chairman at Odisha Conclave*

*CITI Chairman welcoming new Textile Secretary*

*CITI Chairman with Uzbekistan Textile Minister*


*Dr. Kavita Gupta, Textile Commissioner, Govt. of India addressing CITI meeting*

*Mr. Peter Wakefield MD, Wakefield Inspection Services and Mr. J. Thulasidharan, Past Chairman, CITI during signing of MoU at Textiles India 2017*

*CITI Chairman Mr. Sanjay K. Jain at the Assam Summit*

# CITI ACTIVITIES 2017-18

*CITI delegation with the Hon'ble Union Minister of Commerce & Industry and Civil Aviation, Shri Suresh Prabhu*

*CITI delegation with Hon'ble Minister of State for Agriculture and farmers Welfare, Shri Gajendra Singh Shekhawat*


*CITI signing MoU with Gujrat Chief Minister, Sri Vijay Rupani at Vibrant Gujrat Global Summit*

*CITI delegation with Dr. Amit Mitra, Hon'ble Minister of Finance, West Bengal*

*CITI Chairman with other dignitaries at the Bengal Global Business Summit*


*CITI Chairman Mr. Sanjay K Jain addressing the Bengal Global Business Summit*

*CITI Chairman Addressing UP Summit*

*CITI Secretary General, Dr. S. Sunanda with other dignitaries at the African Sourcing Fashion Week 2017*

*CITI Chairman with Minister of State for Textiles, Shri Ajay Tamta at FIC*

*CITI SG with Sri Lanka Delegation*


*CITI Chairman at AIMS 2018*

*CITI officials with Korean Delegation*

# CITI- CDRA's COTTON DEVELOPMENT INITIATIVES

**Budget Highlights**

**1. Introduction to CITI-CDRA**

The Confederation of Indian Textile Industry (CITI) undertakes the Cotton Development and extension Activities through its extension arm- CITI Cotton Development & Research Association (CITI CDRA) which was registered on 24th April 1970.

**A. Objectives of CITI CDRA**

- Undertake cotton research & development
- Carry on scientific research on enhancing cotton production and productivity
- Promote extension activities of latest technologies & good agricultural practices to enhance quality and yield.
- Stakeholders engagement program in cotton value chain.

**B. Activities of CITI-CDRA**

- CDRA is engaged in imparting training to cotton growers on:
- Latest technical knowhow and improved agronomic practices
- Sustaining increase in production and mass awareness campaigns
- Supply genetic pure seeds to farmers' doorstep at reasonable rates
- Cotton collaborative project to enhance yield in Lower Rajasthan
- Front line demonstration programs on production technologies and integrated pest management.
- Research on evolving new strains of short duration and high yield varieties like FEDRAJ, MCU10, and MU2G-9 were evolved.
- Promotion of Extra-long staple cotton
- These activities are being conducted since its inception i.e. 1970 onwards. CDRA's activities are essentially meant to improve yield and production of cotton, creating awareness among the cotton growers from the project areas about the latest production, plant protection and Nutrient Management Technologies and equipping the farmers with these technologies for sustaining cotton production and improving the economic status of the farmers who are the weakest link in the cotton value chain.

**C. Agencies involved in the initiatives**

**a. Front Line Demonstration (FLD) Programme**

- Directorate of Cotton Development, Ministry for Agriculture, Govt. of India
- State Agriculture Department at the district level
- CITI CDRA
- Krishi Vigyan Kendra in the district
- Agriculture Research Station of the State Agriculture University
- Zilla Parishad of the concerned district

**b. Cotton Collaborative Project:**

- State Agriculture Department of Rajasthan/ Maharashtra
- CITI CDRA CITI CDRA
- Bayer Crop Science
- Rajasthan Textile Mills Association & Maharashtra Moffusil Mill Owners Association

**Impact of the activities undertaken by CITI-CDRA**

Turnaround in cotton yield and production in Rajasthan: Cotton production in Lower Rajasthan increased from 1.91 lakh bales in 2007-08 to estimated 11.5 lakh bales in 2016-17, an increase of over 600%, which in turn boosted overall production of cotton in Rajasthan from 9.0 lakh bales in 2007-08 to 18.0 lakh bales in 2016-17, an increase of 100%.Cotton yield increased from 415 kgs of lint per hectare in 2007-08 to 692 kgs of lint per hectare in 2016-17, an increase of 66% in Rajasthan.

- Noticeable increase in yield in project area of Wardha, Maharashtra: Average yield in project areas was 863 lint / ha compared to state average yield of 398 lint/ha.
- Immense benefit to local textile mills in Rajasthan: Local textile mills dependence on other states for cotton requirement reduced from 80% to 20%, giving impetus to Rajasthan textile sector.

2. **Projects undertaken by CITI-CDRA for Cotton Collaboration**

**A. Projects undertaken in the state of**


**Rajasthan**

**Project areas.**

The CITI CDRA is set to complete a decade (2008-09 to 2017-18) of its Collaborative cotton development activities in rain dependent major cotton growing districts of Lower Rajasthan. These efforts involved association of State Agriculture Department of Rajasthan, Bayer Crop Science Mumbai and Rajasthan Textile Mills Association Jaipur and aimed at improving yield, production and quality of cotton in project areas. These have been instrumental in transforming cotton scene of Rajasthan in general and Lower Rajasthan in particular. Cotton yield at 415 kgs of lint per hectare and production at 9.0 lakh bales in 2007-08 improved to 692 kgs of lint per hectare and 18.0 lakh bales in 2016-17 respectively.

Turnaround in cotton yield and production ofLower Rajasthan and factors contributing to it make an interesting story as it unfolds in the following paragraphs:

**Multipronged approach to Yield and production improvement:**

While implementing its cotton development projects (both Front Line Demonstration programme (FLD) & Collaborative project) in Lower Rajasthan, the CITI CDRA evolved a well thought out approach, benefitting from the inputs of stakeholders for its public private partnership (PPP) endeavor.

- **Involving stakeholders in cotton value chain:** The CITI CDRA Involved State Agriculture Department, Bayer Crop Science Mumbai and Rajasthan Textile Mills Association, Jaipur while implementing cotton projects.
- **Supplementing the efforts of the State Agriculture Department:** The CITI CDRA's cotton development efforts aimed at improving cotton yield and production with its own infrastructure to supplement the infrastructure of State Agriculture Department in the project districts right from village to district level to reach out to the project farmers.
- **Associating scientists:** The scientists from Krishi Vigyan Kendras and Agriculture Research Stations /sub stations functioning in the project areas under State Agriculture Universities (Maharana Pratap Agriculture University , Udaipur and Jodhpur Agriculture University and Jaipur Agriculture University) were associated in :

**3.1. Imparting training** to project farmers by organizing Farmers training camps, Farmers Field Schools (FFS) and Field days.

**3.2. Inspecting FLD plots** in the project areas, laid out by it and State Govt. of Rajasthan.

**3.3. Participating in the monthly meetings** of district implementation committees headed by Dy. Director of Agriculture (Extension) of the concerned

*Visit of Dr. G.N. Mathur, Chief Scientist, KVK, and Ajmer to one of the FLDs in Bhanvata village in Ajmer district.*

district with representatives of KVK /ARS /BAYER CROP SCIENCE AND CITI CDRA to monitor progress of collaborative cotton projects in various project districts.

*Nursery for filling the gaps for ensuring optimum plant population.*

**3.4. Participating in mass awareness camps /Kisan Melas etc,** organized by it in association with Bayer Crop Science and RTMA.

- **Disseminating latest technical know-how** on Agronomic practices, Nutrient management, cotton production and plant protection technologies among project farmers involving scientists from KVKS, ARS, Bayer Crop Science and Official of Agriculture Department besides Project Coordinator/ Project Officers.
- **Endeavoring to improve yield,** production and quality of cotton in project districts by encouraging cultivation production and quality of cotton in project districts by encouraging cultivation of BT hybrids /hybrid cottons performing better in production and giving higher lint recovery while striving for cost reduction. Information regarding such cottons was shared with cotton growers during training and mass awareness camps so as to motivate more and more cotton farmers to cultivate such cottons.

*Shri P.D.Patodia, Chairman, Standing Committee on Cotton, CITI, Shri M.B. Lal Ex-CMD CCI & Shri Sureshbhai Kotak, Chairman, Indian Society for Cotton Improvement honouring farmer with cash award and letter of appreciation for achieving highest yield.*

*Shri Sushil Desai, Asstt. Gen. Manager, BCS Shri S.A.Ghorpade, Advisor, CITI CDRA, Shri C.S.Sharma Regional Manager, BCS Jaipur inspecting the project plot with ridges and furrows..*

- **Capacity building /empowering project farmers :** The CITI CDRA'S systematic cotton development efforts, inter-alia, aimed at capacity building among cotton growers in project areas:-
- By bringing attitudinal change among them through mass awareness and periodical trainings for adapting technologies for nutrient management, production and plant protection.
- By changing Agronomic practices to suit climate change-particularly preparation of ridges and furrows at the time of last hoeing for in situ moisture conservation and run off excess rain water, in rain dependent cotton cultivation. Farmers meeting at BadwalaRajia (Abhapura cluster, Banswara district. converging with other stakeholders in cotton value chain.
- By undertaking trials on High Density Planting system of cotton cultivation for obtaining higher yield and educating project farmers regarding it.
- **Sustaining cotton production** by supporting High Density Planting System (HDPS) of cotton cultivation for higher yield on the lines of Australia/Brazil.

- **By encouraging cultivation of better performing Bt hybrids,** hybrid cottons to suit local conditions in general and cultivation of cottons giving higher lint recovery in particular , along with refugee crop in case of Bt hybrid cotton cultivation.
- **By adopting gap** filling to ensure adequate plant population for a maximizing yield – developing nursery of seedlings ready for gap filling.
- **By adaption of ETL based** pest /disease management practices through continuous surveillance by scouts and by farmers.
- **Checking flower and boll shedding** through Plant Growth Regulator (PGR) , use of Encouraging need based application of pesticides/insecticides with emphasis on use of bio pesticides like neem leaf extracts/ (Neem seed Karnel Extract ( NSKE) and low cost technologies like Phermone traps , Yellow sticky traps , installation of bird perchers , light traps, etc
- **Clipping of spotter boll worms infected terminal shoots** as and when noticed and hand picking and destruction of boll worm larvae in cotton non-Bt varieties/hybrids.

*Farmers meeting at Badwala Rajia (Abhapura cluster, Banswara district.*

- **Training the farmers regarding safe use of pesticides** and conservation of eco-friendly insects.
- **Motivating Cotton Growers** to use mechanical Hand Kapas Pluckers (developed by SIMA CDRA) /Community Cotton Harvesters (developed by John Deer) for picking up of seed cotton for higher output and reducing the cost of harvesting.
- **Encouraging use of drip system** for efficient water management.

**Converging with other stakeholders in cotton value chain.** Interface with other stakeholder in cotton value chain like state Agriculture officers at various levels in the project districts and State Secretariat, input suppliers, Regional Textile Mills Association, Agriculture Produce Market Committees, Ginning and pressing Factories and cotton traders on a continuous basis.

- Appreciating the pivotal role of the Ginning and Pressing factories in controlling Cotton contamination and trash, encouraged patronization of modern ginning & pressing factories.
- Execution of the cotton projects: Pursuing the above strategy, the CITI CDRA implemented Front Line Demonstration programme in 8 districts and cotton collaborative project in 7 districts during the above of Lower Rajasthan as under:

### 9.1 Front Line Demonstration Programme:

### 9.1.1 FLDS sponsored by Govt. of India.

The Front Line Demonstration programme on production and Integrated Pest Management (IPM) technologies , sponsored by the Govt. of India initially through the Cotton Corporation of India and subsequently through the Directorate of Cotton Development, Ministry of Agriculture, Dept. of AgricultureCo-operation under Mni Mission II of Technology Mission on Cotton (TMC) was implemented by the CITI CDRA in 3346 demonstrations in 756 villages of the districts of Banswara, Bhilwara , Rajsamand , Ajmer , Pali , Jodhpur and Nagaur districts. Govt. of India's funds to the tune of Rs.81.20-lakhs were utilized for providing input subsidy to 3346 farmers and the infrastructure cost was born by the CITI CDRA and Bayer Crop Science. While implementing the above programme the CITI CDRA had extended the benefit of the programme to 72% of the beneficiary farmers belonging to Schedule castes and Schedule tribes and women farmers as under:

### 9.1.2 FLDS by CITI CDRA and Bayer Crop

| Year | SC | ST | WOMEN | OTHERS | TOTAL |
|---|---|---|---|---|---|
| 2008-09 | 185 | 633 | 457 | 171 | 1,446 |
| 2009-10 | 101 | 229 | 216 | 54 | 600 |
| 2010-11 | 32 | 83 | 92 | 43 | 250 |
| 2011-12 | 43 | 150 | 89 | 18 | 300 |
| 2012-13 | 14 | 5 | 22 | 209 | 250 |
| 2013-14 | 46 | 8 | 41 | 155 | 250 |
| Total | 421 | 1,108 | 917 | 650 | 3,096 |

**Science:**

Subsequent to Govt. of India's decision to discontinue association of NGOS like CITI CDRA and Cooperatives with the implementation of Front Line Demonstration programme from 2013-14 onwards the programme was implemented by the CITI CDRA and Bayer Crop Science for two years incurring input subsidy cost of Rs. 10.0 lakhs in Ajmer, Jodhpur, Jhunjhunu, Nagaur and Pali districts. The cost was shared between CITI CDRA and Bayer Crop Science on input subsidy in the ratio of 40:60 besides creating infrastructure for implementing the FLD PROGRAMME AND Collaborative project. 500 FLDS on production and Integrated Pest Management technologies were implemented in 283 villages from these districts.

**9.1.3 FLDS sponsored by State Govt. of Rajasthan.**

From 2016-17 the State Govt. of Rajasthan implemented Front Line Demonstration programme for promoting Extra Long Staple Cottons inBanswara district of Lower Rajasthan under the Govt. of India's Food Security Mission, the amount of input subsidy @ Rs. 7000/- per hectare was paid by the State Govt. and the CITI CDRA provided the infrastructural and technical support for implement the project in 18 villages benefitting 247 -farmers.

**9.2 Cotton Collaborative Project:**

Review meeting with Dy.Directors (Agri)/ Asstt. Director (Agri) from Ajmer, Nagpur, Pali and Jodhpur districts regarding progress of cotton collaborative project.

This project was implemented in association with

*Review meeting with Dy.Directors (Agri)/ Asstt. Director (Agri) from Ajmer, Nagaur, Pali and Jodhpur districts regarding progress of cotton collaborative project.*

State Govt. of Rajasthan, Bayer Crop Science and Rajasthan Textile Mills Association in Pali, Nagaur, Jodhpur, Ajmer and Banswara district covering 77617 farmers having an area of 122092 hectares under cotton cultivation from 1407 villages.

**9.3 High Density Cotton Planting System trials in Rajasthan:**

Cotton development efforts under the above projects had registered appreciable increase in yield and production in Rajasthan and for further increase in yield a different strategy was warranted, with that end in view, the CITI CDRA and BAYER CROP SCIENCE had set up 21 preliminary trials on High Density Planting (HDPS) in the districts of Ajmer, Jodhpur, Nagaur and Pali where cotton collaborative project was already being implemented. The average performance of the HDPS trials during two years (2012-13 and 2013-14) at these locations revealed that closer spacing accommodating higher number of plants per hectare give higher yield as compared to conventional spacing with lower plant population per hectare as would be evident from the following:

Encouraged by the above results, the CITI CDRA persuaded the State Govt. of Rajasthan to take up such trials at its adaptive Trial Centres (ATC) and State Govt. took up such trials at ATC Ajmer during 2014-15

| Year | No.of locations | Cms 60x45 (conventional) | cms (state recommendation) | 80x30 cms | 80x15 cms |
|---|---|---|---|---|---|
| 2012-13 | 2 | 24.72 | 33.44 | 36.36 | 47.43 |
| 2013-14 | 19 | 27.93 | 32.83 | 37.42 | 32.01 |
| Average | 21 | 26.33 | 33.14 | 36.89 | 39.72 |
| increase in production over check. | 25.86% | | 25.86% | 40.11% | 50.85% |

and again in 2015-16 at two places i.e. one at ATC Tabiji and another at ATC Karanpur, Sriganganagar district. The results of these trials revealed that treatment of 80cms x 15 cms with plant population of 83333 per hectare give the highest yield (26.14 q/ha) an increase of 50.85% over the production in check plots with conventional planting.

**Changed cotton scene of Rajasthan:**

Subsequent to the implementation of the above cottondevelopment projects by CITI CDRA in collaboration with State Govt. of Rajasthan, Bayer Crop Science and Rajasthan Textile Mills Association. The cotton scene in Rajasthan in general and Lower Rajasthan in particular underwent a change as would be evident from the following:

**9.4 Rajasthan takes over Punjab & Haryana in**


*Four Different spacing treatments of High Density Trials.*

| Year | Area(Lakh Hectares) in Lower Rajasthan | Production(in Lakh bales 170 kgs each) in Lower Rajasthan | Yield(State of Kgs of lint per hectare) | State Production (In Lakh bales)lint | Yield (Kgs of per hectare) |
|---|---|---|---|---|---|
| **2007-08** | 1.39 | 1.75 | 214 | 9.0 | 415 |
| **2008-09** | 1.23 | 3.10 | 428 | 9.5 | 422 |
| **`2009-10** | 1.44 | 3.10 | 366 | 12.0 | 459 |
| **2010-11** | 1.35 | 3.0 | 378 | 10.10 | 513 |
| **2011-12** | 1.80 | 7.80 | 737 | 18.0 | 651 |
| **2012-13** | 2.20 | 7.16 | 676 | 17.0 | 642 |
| **2013-14** | 1.80 | 8.25 | 779 | 14.0 | 606 |
| **2014-15** | 2.44 | 10.25 | 708 | 16.50 | 593 |
| **2015-16** | 2.43 | 10.10 | 700 | 16.0 | 569 |
| **2016-17 ( p )** | 2.21 | 11.50 | 885 | 18.0 | 692 |

*Source: Northern India Cotton Association Ltd for 2007-08 to 2012-1 3 and Cotton Association of India for 2013-14 to 2015-16 and for 2016-17 estimated. State, Yield and production CAB GoI*

**cotton yield.**

The disparity in cotton yield in Punjab & Haryana vis-à-vis Rajasthan not only disappeared during the past 7 years of CDRA'S operations in Lower Rajasthan but also it took over cotton yield in states of Punjab & Haryana during 2015-16 as would be evident from the following data:

## 10. Project for promoting Extra Long Staple

Yield–Kgs of Lint per hectare:

| Year | National Average | Punjab | Haryana | Rajasthan |
|---|---|---|---|---|
| | | | | |
| 2007-08 | 554 | 583 | 598 | 415 |
| 2008-09 | 524 | 554 | 523 | 422 |
| 2009-10 | 503 | 507 | 425 | 459 |
| 2010-11 | 513 | 593 | 487 | 513 |
| 2011-12 | 512 | 607 | 690 | 651 |
| 2012-13 | 525 | 744 | 720 | 642 |
| 2013-14 | 566 | 800 | 761 | 606 |
| 2014-15 | 511 | 526 | 603 | 593 |
| 2015-16 (P) | 482 | 320 | 415 | 569 |
| 2016-17(P) | 568 | 598 | 683 | 693 |

**Source: Cotton Advisory Board, Govt. of India*

## Cottons in Banswara district of Lozwer Rajasthan

In the context of mismatch between demand and supply of Extra Long Staple Cottons in the country, warranting large scale imports of this cottons at very high prices and also the fact that market for ELS cottons is likely to grow substantially due to growing demands for finer value textiles for both domestic and export markets, the CITI CDRA in collaboration with Bayer Crop Science has embarked upon the project for promoting such cotton in Banswara district for the past two years. As the part of these projects CITI CDRA

| Institute Sample | Marked as | | | 2.5% SL | UR % | MIC | Tenacity@ 2 mm | Ginning % |
|---|---|---|---|---|---|---|---|---|
| F-170390 | Jodhpur | Phalodi | Raai 131 | 30.9 | 47 | 4.0 | 20.3 | 32.7 |
| F-170391 | Banswara | Kushalgarh | Bahubali | 34.4 | 50 | 2.9 | 28.1 | 30.7 |
| F-170392 | Banswara | Abhapura | SHB-3 | 34.6 | 52 | 3.4 | 28.9 | 30.9 |
| F-170393 | Banswara | Kushalgarh | SHB-3 | 38.1 | 48 | 3.2 | 29.3 | 29.8 |
| F-170394 | Banswara | chhoti sarwad | Mahadev | 38.1 | 49 | 3.1 | 29.6 | 26.3 |
| F-170395 | Banswara | chhoti sarwad | Vikram | 36.1 | 49 | 3.4 | 24.4 | 27.0 |
| F-170396 | Banswara | chhoti sarwad | Vishwas | 35.7 | 49 | 3.4 | 28.3 | 26.0 |
| F-170397 | Banswara | Kushalgarh | Minerva BI | 36.8 | 50 | 3.2 | 26.3 | 27.3 |
| F-170398 | Banswara | Kushalgarh | Minerva BI | 36.9 | 50 | 3.1 | 27.9 | 27.6 |
| F-170399 | Banswara | Kushalgarh | Bahubali | 35.2 | 50 | 3.2 | 27.1 | 25.9 |
| F-170400 | Banswara | Sajjangarh | Excel-Cot | 35.0 | 49 | 3.0 | 26.0 | 30.4 |
| F-170401 | Banswara | Sajjangarh | Excel-Cot | 33.3 | 49 | 2.9 | 24.5 | 29.8 |
| F-170402 | Banswara | Sajjangarh | Kashwahi | 35.1 | 51 | 3.4 | 26.2 | 30.5 |
| F-170403 | Banswara | Kushalgarh | DCH-32 | 35.4 | 50 | 3.1 | 24.8 | 27.3 |
| F-170404 | Banswara | chhoti sarwad | DCH-32 | 36.5 | 50 | 3.2 | 27.7 | 28.4 |

has been taking trials on extra-long staple cotton of leading seed producing companies like SIMA CDRA (SHB-III), Bayer Crop Science (Minerva), Nuziveedu (Excelcot) and Mahyco (Bahubali). In terms of quality the performace of these cottons is found to be encouraging as would be evident from the press reports of ELS cottons grown in Banswara district.

### 11. Extension of Collaborative project to Maharashtra and Madhya Pradesh:

Encouraged by the outcome of the cotton development efforts of CITI CDRA in Lower Rajasthan, other regional Textile Mills Associations like Maharashtra Moffusil Mill Owners Associations, Nagpur evinced interest in taking up such projects in Maharashtra and the collaborative project for improving production and yield in Wardha district is being implemented for the past three years. Similarly the project for Extra Long Staple Cottons in Ratlam district of Madhya Pradesh is taken up during 2017-18.

### 12. Madhya Pradesh Collaborative Project

Inauguration function to launch the Cotton Collaborative Project of Citi-Cdra was held on 26th June 2018 in village Kaneri of Ratlam District. Deputy Director of Agriculture, Ratlam was the Chief Guest and Dr. S. B. Sharma, Senior Scientist and Incharge KVK, Kalukheda, Ratlam was the Guest of Honor. Shri Dwankaji Dhoot, Chairman, Ratlam Chamber of Commerce presided over the function.

Shri. Maheshwari, Cotton Trader, Ratlam appealed the farmers to use better technologies for higher production and also to the traders to meet their cotton requirement locally. Shri Manjeet Singh Rathod, Upsarpach appealed the farmer to take advantage of project activities.

### 3. Maharashtra Collaborative Project

A Joint visit to Wardha was under taken by Shri

*Dr. R. S. Tripathi, Project Coordinator shared the success story of similar project in Rajasthan and different activities undertaken under the project for enhancing the productivity of Cotton in general and ELS cottons in particular by using low cost technologies. Shri. Mohaniya, Dy. Director appealed the farmers to use quality seeds with improved technologies.*

*Dr. Sharma informed the farmers about Pest and Diseases of Cotton and their Management. Shri. Manoj Agarwal, President, Ratlam Ginning and Pressing Factories Association assured the Farmers to lift their quality cotton produced from their respective villages at higher prices.*

*Important details regarding the project and previous success stories were shared with the farmers through pamphlets and the event got local media coverage.*

Ghorpade Advisor CITI-CDRA and Shri Akhaniji LeadManager of Bayer crop science in charge of cotton on 26and 27th June with a view to align the thought process of both the organization's in respect of project in Wardha and to give final shape to the programme for


*Mr. Ghorpade, Advisor, CITI-CDRA discussing strategy to improve cotton yield in Wardha district*

*Mr. Ghorpade, Advisor, CITI-CDRA discussing strategy to improve cotton yield in Wardha district*

2018-2019.

With a view to enlist the support and participation of State Govt. agencies like district Collector and District Agriculture Department besides all India organization's like CICR Nagpur and CIR COT the plan of action proposed under the project was discussed with Dr. Waghmare, Director CICR and other scientists from CICR Nagpur and Dr. Marne DSAO, Wardha. Guidance was sought on proposed programme in a meeting with Dr.C.D.Mayee former Commissioner for Agriculture to Govt. of India. Based on the above a detailed programme for 2018-19 is being worked out.

Demonstration on precautions to be taken at the time of picking cotton to prevent contamination in Wardha district.

While continuing cotton collaborative project in four tehsils of Wardha district covering 80 villages for encouraging cultivation of BT hybrids with higher lint for improving yield and quality. It was decided to give more focused attention to tackling Pink Boll worm menace by undertaking FLD programme along with community awareness approach. It was also planned to add Kalamb tehsil of Yawatmal district for similar activity.

Preparing the land in association with cotton farmers. The above thought processwas discussed in a meeting with Shri Prashant Mohota convener of Sub. Committee of CITI on CDRA and four pronged approach for CITI-CDRA cotton development activities in Wardha and Yawatmal districts during 2018-19 was finalized. The approach included taking up FLD programme for more focused attention in project areas.

Launching community mass awareness campaign in FLD villages through village wise meetings and distribution of leaflets. Pamphlets and booklets in Marathi on LBW management among cotton farmers involving other stakeholders in cotton value chain like ginners, Cotton trades and krishi bhandars.

*Preparing the land in association with cotton farmers*

# BRIEF REPORT

The 9th Asian Textile Conference (ATEXCON) was organized by Confederation of Indian Textile Industry (CITI) on wednesday 14th March 2018. The flagship annual conference of CITI was attended by more than 350 delegates from India, Switzerland, Indonesia, Bangladesh, Sri Lanka, the Netherlands, etc. The attendees represented the entire breadth of textile manufacturing value chain, ancillaries as well as the services segment. The conference was graced by the presence of Dr. Kavita Gupta IAS, Textile Commissioner, Government of India as the Chief Guest. The theme of the conference was "Textile Industry: Moving Beyond the Conventional Paradigms".

**INAUGURAL SESSION**


*Dr. Kavita Gupta, IAS, Textile Commissioner delivering the Inaugural Address*

Mr. Sanjay K. Jain, Chairman, CITI in his opening address highlighted the importance of being disruptive and innovative in order to maintain the vibrancy and energy in the textile sector. He further stated that textile industry needs to find out its own ways of staying young, vibrant and energetic to deal with the ongoing issues. He suggested that we have to move beyond the conventional paradigms and look for out of box solutions to resolve the long pending issues plaguing the textile and apparel sectors. The textile industry needs to take a step forward and show that they are ready to multiply the incentives received from the government with robust growth. He also announced that CITI has completed 60 years of service to the industry and nation this year and will be celebrating its diamond jubilee in November-December this year on a mega scale. The honourable Prime Minister of India will be invited to inaugurate the Diamond Jubilee Celebrations mega event.

This was followed by a special address by Mr. Sanjay Jayavarthanavelu, Chairman and Managing Director, Lakshmi Machine Works. In his address, he stated that concentrated markets and high interest rates are the key challenges faced by the industry. He highlighted that technology would need an ecosystem for adoption. He stated Recycled clothes, less carbon Smart textiles, 3D printing, new yarn types will shape the future of textile industry.

After that, CITI-Wazir white paper was launched by the Chief guest and CITI signed an MoU with MCX. On the occasion, Mr. Sanjay K. Jain, Chairman, CITI said that CITI is delighted to partner with MCX, which has a highly successful and popular cotton contract. By virtue of this MoU, textile industry stakeholders

would be imparted knowledge about the benefits of cotton futures mainly focusing on cotton price volatility and need for risk management through cotton futures, among working towards other important common goals.


*Mr. Sanjay K. Jain, Chairman, CITI delivering the Welcome Address*


*Launching of 9th ATEXCON Knowledge Paper.*

The theme presentation delivered by Mr. Prashant Agarwal, Joint Managing Director, Wazir Advisors, knowledge partner to ATEXCON, presented the global trends which are changing the shape of industry and focused on initiatives required to be taken up by industry to keep pace.

The Chief Guest, Dr. Kavita Gupta, IAS, Textile Commissioner acknowledged and congratulated the industry for reaching to a level where they can leapfrog into a different orbit. She emphasized the need to integrate MSMEs to achieve the inclusive growth of the sector. The highlight of her address was the brief history of Indian textile sector which spanned from the age of poet and weaver, Saint Kabir up to the state-of-the-art infrastructure being developed in Indian textile parks these days. Deputy Chairman, CITI Mr. T. Rajkumar thanked everyone for their support.


*Signing of CITI – MCX MoU*

Mr. T. Rajkumar, Deputy Chairman, CITI proposed the Vote of Thanks in the Inaugural Session. Mr. T.Rajkumar thanked all the eminent Speakers, Sponsors, Delegates, Media, Knowledge Partner – Wazir Advisors and Authors who have contributed articles in CITI Textile Times, for their whole-hearted support for the success of 9th ATEXCON. He also mentioned that this event would not have been possible without the financial support of our sponsors. We recognize with gratitude their significant contribution.

**SESSION I:**

**POLICY SUPPORT TO ACHIEVE US$ 300 BN. MARKET**

The first session titled "Policy Support to Achieve US$ 300 Bn. Market" was chaired by Dr. Kavita Gupta, IAS, Textile Commissioner, Government of India and moderated by Mr. Sanjay K. Jain, Chairman, CITI. While moderating the Session, Mr. Sanjay K. Jain, Chairman, CITI welcomed the presence of the representatives of the entire textile and apparel value chain as Panelists. He stated that it was for the first time that all segments of the textile and apparel value chain–cotton, manmade fibres, yarn, fabrics, garments and home textiles were represented on the same platform. In his opening remarks, he pointed out that the entire textiles and apparel value chain needs to integrate and work together in close cooperation and also gain support of the government to overcome challenges while achieving the ambitious target of US$ 300 bn market size. Mr. Jain stated that the target of US$ 300 bn market looks huge but to achieve this ambitious target both government and textile and apparel industry should join hands.

Dr. P. Ali Rani Chairman & Managing Director, Cotton Corporation of India (CCI) highlighted the key statistics about Indian cotton textile sector and the need for cotton development in the emerging scenario.

Mr. Ujjwal Lahoti, Chairman, TEXPROCIL stated that India has not been able to take full advantage of our FTAs with Japan and South Korea because of stringentrules of origin and placement of our major products in the sensitive / exclusion list. These FTAs need to be revisited and re-negotiated, if necessary, to ensure that our main products such as cotton yarn get the duty free access to these markets on an immediate basis.

Mr. Sri Narain Aggarwal, Chairman, SRTEPC emphasized that the current duty drawback and ROSL rates do not fully neutralize the incidence of taxes in the textile and apparel manufacturing. It is estimated that about 5 to 7% of taxes go unrebated that inevitably gets passed to the international buyer, resulting in lower export competitiveness of the Indian industry. It is hence required that government analyzes this aspect, with the industry involvement, and takes the necessary corrective action. He said that an independent study may be done on an urgent basis, to ensure no taxes get exported.

He also highlighted that after implementation of GST, the effective import duties on textile and apparel have come down. The latest data available for current financial year indicates approx. 15-20% higher import value in comparison to the same period last year. This aberration is negatively impacting the domestic manufacturers. It is recommended that Government raise the import duties to the pre-GST level to support the domestic industry. Today most manufacturers have a mixed market, disincentive in domestic market reduces motivation to invest where import threat is there.

Mr. S.K. Khandelia, Co-Chairman, FICCI Textiles Committee highlighted that development of Manmade fibre based value chain is critical for India to achieve any of its ambitious targets. In the exports, our product basket is not diversified because of limited manmade textiles and apparel. Also, the fast growing demand of manmade products in the domestic market would eventually result in higher imports if such products were not available sufficiently, at right price. The Government hence needs to adopt a fibre neutral policy and also ensure that manmade fibres that need to be imported should be allowed at viable rates.

He also said that India is at disadvantage with its neighboring nations of Bangladesh, Sri Lanka and Pakistan, which have duty free access to European market whereas imports from India attract 9.6% import duty. The government needs to fast track the on-going FTA discussion with EU and others in order to provide exporters with a level playing field. EU is already the largest market for Indian apparel with a share of 26%. Finalizing FTA with EU could change the entire shape of Indian industry wherein Government would not have to pay any other kind of support. However, we need to work on FTAs with Australia, Canada and Britain (post Brexit). In cotton yarn we lost our leading position to Vietnam, just because of duty free access of their yarn, while ours attract 3.5% duty.

**SESSION II:**

**INNOVATIONS AND TECHNOLOGICAL DEVELOPMENT SHAPING THE FUTURE OF TEXTILE MANUFACTURING**

Mr. D. L. Sharma in his opening address remarked that in a highly competitive environment, innovation and technology adoption in the textile industry plays a crucial role for increasing the pace of manufacturing in


*Session II in progress*

a sustainable manner. In order to cope up with the global competition, textile industry needs to operate in a business environment that will help them reduce the costs and respond to the global demand in the most effective way. More than ever before, faced with the challenge of keeping the country "on the map" for buyers, Indian textiles and clothing companies need to improve their competitiveness by focusing on the general business environment in which their factories operate and keep on adopting the new technologies and innovative business solutions to remain ahead of their competitors.

Mr. R. D. Udeshi, President, Polyster Chain, RIL initiated the conference outlining the scenario of manufacturing of cotton and polyester in India. He mentioned that cotton production is limited as well as additional investment is required in polyester manufacturing. He emphasized that there is a requirement of end-to-end integration along the value chain. He also highlighted that buyers generally look

for few suppliers to fulfill their needs. Hence, the need of the hour for companies is to focus on achieving economies of scale in textile manufacturing.

Mr. Abhijeet Puranik, Head Sales - India, Rieter began by outlining the key elements of Textile 4.0. He underlined the importance of forthcoming cyber-physical systems which will aid human beings in improved textile manufacturing. Further, Mr. Puranik mentioned that machine, transport and process automation are the three major focus areas that spinners can focus on. Digitalization will turn conventional mills into smart ones as cited by Mr. Puranik. The presentation was concluded by screening of a video on Rieter Alert and Cockpit Module.

Mr. Ramanadane C., General Manager, Marketing & sales, Lakshami Machine Works Ltd focused on the significance of innovation in textile manufacturing and the accelerating factors for innovation such as flexibility, automation, sustainability, quality and internet of things. Further, Mr. Ramanadane also touched upon the scope of each of these factors along the spinning value chain from blowroom to ringframe. At the end of his presentation, Mr. Ramanadane displayed a video of Spinconnect – which is a complete IoT solution for spinners. Spinconnect has features such machine health monitoring, online control, recording data, remote diagnosis, predictive maintenance, and e-mail and SMS alert features which can transform a spinner into a data virtuoso for smart decision-making.

Mr. D. Ghosh, General Manager - Sales, Oerlikon Textile India P. Ltd spoke about new technology developments that are providing solutions along the process value chain. He spoke about Oerlikon MMF fibre production from melt to yarn production which covers only two sections of the entire value chain. Additionally, he emphasized that MMF fibre and filament market is continuously growing and India and China have emerged as the biggest markets for Polyester. He also spoke about GST being a big game changer in the complete textile value chain. He also described technologies used in the production of yarn from melt at Oerlikon.

Mr. Deepak Mehta, Head - Energy & Agri, MCX Ltd. shed light on the current commodity trading ecosystem and focused specifically on cotton trading and cotton price risk management. He talked about the roles of financial players in the cotton vale chain and delivery structure of cotton at MCX. Mr. Mehta highlighted that after its launch in 2011, about 13 crore bales of cotton were transacted on MCX. He explained in detail the entire process of trading cotton on MCX. He concluded with information on how to participate on MCX.

Dr. Christina Raab, Director Implementation, ZDHC, Amsterdam started her presentation with an eye-opening video about water pollution and emphasized on the fact that in the future wars will be fought for water. She went on to explain the scope of Zero Discharge of Hazardous Chemicals (ZDHC) and anyone from brands to retailers to manufacturers can endorse and use the same. Indian brands such as Arvind and others, some manufacturers and even chemical producers are value chain affiliates of ZDHC. She concluded with the remarks that the USD 300 bn. market has to keep sustainability in mind.

**SESSION III:**

**GLOBAL VALUE CHAIN – TRADE AND INVESTMENT PERSPECTIVE**

Mr. Prem Malik, Past Chairman, CITI in his opening remarks pointed out that a major shift has taken place in the geographical manufacturing & production of textiles from industrialized nations like USA, EU to developing countries in Asia. According to him, the major factor that contributed to the geographical dispersal was the fragmentation of production


*Session III in progress*

processes from the western world to the developing nations in Asia in search of lower production & labour cost that eventually led to the emergence of the concept of 'Global Value Chain'. In his remarks, he also

mentioned about the importance of Free Trade Agreements (FTA) and Preferential Trade Agreements (PTA).

Thereafter, Dr. Christian Schindler, Director General, ITMF, Zurich delivered the lead presentation which focused on world textile and apparel industry, new disruptive technologies, geographical re-distribution across the industry and implications for the global textile and apparel industry. He emphasized that trade in Asian countries is increasing manifold and at the same time they are also largest consumers of apparel. He further explained major trends such as mass customization, industry 4.0, environmental sustainability etc. which are reshaping textile and apparel manufacturing and also outlined the areas of investment in textile machinery. He concluded on the note that global fibre consumptions are on the rise out of which MMF fibres specifically polyester is benefiting most. Wool has become a luxury fibre and cotton is also on the same path.

Mr. S.K. Gupta, President - Corporate, Raymond Ltd. focused on various global trends in textile and apparel trade. He mentioned that manufacturing has undisputedly moved to Asian countries while African nations are yet to realize full potential of duty free access to US and EU markets. India and China have emerged as largest consumers. He outlined that low wage cost, duty free access, tax exemption, fast fashion trend, raw material availability, large domestic markets, regional alliances and designing and branding etc. are contributing to the ever-evolving landscape. He concluded with trends that are reinventing global textile and apparel trade.

Mr. G. Ramamohan, Policy & Stakeholder Engagement Lead – Monsanto India, emphasized that after 2006 no new products have come up in cotton as regulators have not given approval to any new products. Also, production and productivity has plateaued in the last few years. Further, Mr. Ramamohan underscored that earlier Indian cotton yield was 300 – 330 kg/ hectare which increased to 500-550 kg/ hectare but it has stagnated since then and currently yield stands at around 480-485 kg/hectare.

Mr. Govind Venuprasad, Coordinator - SITA, Office for Asia and the Pacific, International Trade Centre, Switzerland highlighted that the East African nations are primed for investment in textile and apparel in the current global scenario. Additionally, he explained that East African nations attract investments due to large population base of these countries, low purchasing power, duty free access in areas like Cairo and Cape Town, low wage costs, presence of buyers, Government support for ease of doing business, etc. He also mentioned that the power cost in countries like Kenya and Ethiopia are low compared to China. Also, power generated in Kenya and Ethiopia is geothermal and hydropower which is environment friendly.

Mr. Felix Fernando, Chairman, Sri Lanka Apparel Exporters Association emphasised on the need of Free Trade Agreements for ease of doing business. He stated that currently Sri Lankan Government is working on FTAs with India as well as Bangladesh. He stated that Sri Lanka as a country is no longer a cheap sourcing destination. On the other hand, Sri Lanka is importing fabric and cotton yarn from China and India.

Mr. Fazlul Hoque, Managing Director – Plummy Fashions, Lead Advisor – SR Asia highlighted that Bangladesh textile and apparel industry has taken a serious step towards green manufacturing and sustainability. He stated that already 13 textile and apparel companies are Platinum Leed Certified, over 70 are Leed Certified and 200 others are in the pipeline for the same. He also specified that although Bangladesh is known for producing cheapest in the market textile and apparel products but at the same time other requirements of buyers are being fulfilled. Mr. Hoque further emphasized that Indian spinners

can increase yarn trade with Bangladesh as spinning is not as developed in the country as compared to India. He cited the example of Zara, where delivery time is 45 days and yarn used has to be local. He concluded the session saying that Indian non-cotton sector is not strong due to which Bangladesh imports non-cotton from other countries such as China and Indonesia.

Mr. Rajaguru Raja, Managing Partner – Texcoms Textile Solutions, Indonesia stressed on the continued relevance of China in the global context. Reasons being economies of scale and high levels of automation achieved by the Chinese manufacturers which are catering to retailers' demands. Mr. Raja also spoke about the present status of different countries, for example, India needs end-to-end integration in the supply chain. Ethiopia has advantages such as duty free access and low wage and power cost but it still has a long way to go. Further, Cambodia, Laos and Myanmar are only having capacities in Cut, Make and

Trim (CMT) therefore there is a need for backward integration in those nations.

**SESSION IV:**

**RETAIL IN TEXTILES AND APPAREL: EMERGING SCENARIO**

Mr. Prashant Agarwal, Joint Managing Director, Wazir Advisors moderated the session which focused issues faced by the industry in the retail supply chain.


*Session IV in progress*

He highlighted that domestic apparel market will have more importance.

Mr. D.L. Sharma, Vice Chairman, CITI chaired the session and gave an overview of the apparel retail market of India. Mr. Sharma also pointed out that Indian consumers and their apparel preferences are gradually changing, which in turn is altering the shape and size of apparel retail business. Indian apparel which was deeply rooted to immensity and richness of Indian culture is now aligning itself to more refined and globally on-trend fashion. With growth of disposable income, favorable demographics and changing lifestyle, consumption of products and services is expected to grow continuously in the foreseeable future.

Mr. Rahul Mehta, President CMAI highlighted that Indian supply chain should understand the importance of domestic buyers and meet their requirements in terms of delivery time, qualities, product development, etc. He emphasized that the change is happening in retail but it is slow. He emphasized that during the financial crisis, domestic market saved the day for Indian industry.

Mr. Aloke Banerjee, CEO -Retail, The Bombay Dyeing & Manufacturing Co. Ltd stated that focus on timely delivery and better service will be very important.

Mr. Mohit Dhanjal, Director-Retail, Raymond Ltd. said that collaboration across the value chain is a very important to build a successful supply chain.

Mr. Anindya Ray, EVP and Chief Sourcing Officer, Arvind Lifestyle Brands Limited highlighted that the key challenges faced by the industry are unstable raw material prices, limited adoption to fast fashion, higher lead times and low sampling capacity. He also highlighted that trends are created outside the design cells and brands and now brands are reacting to consumer demand.

ATEXCON was finally closed with concluding remarks and vote of Thanks by Mr. D.L. Sharma, Vice Chairman, CITI who highlighted the efforts of CITI team and support of sponsors & delegates which led to the grand success of this year's conference.

*Delegates at 9th ATEXCON*

# CITI'S INTERACTIVE SESSION ON INNOVATION & COMPETITIVENESS INTEXTILES AND CLOTHING INDUSTRY

*In the Picture: Mr. D.L. Sharma, Vice Chairman-CITI delivering the inaugural address at the Interactive Session*

Confederation of Indian Textile Industry (CITI) the apex industry chamber of the entire textile value chain of India organized Interactive Session on Innovation & Competitiveness in Textiles & Clothing Industry on 9th October 2017 in Ludhiana, Punjab. The session discussed about the benefits of stimulating competitiveness in textiles and clothing industry through innovation and technology for increasing the pace of manufacturing resulting in sustainable growth. Continuous flow of new ideas is essential to increase the competitive advantage of business organizations in terms of constant search for ways and means of improvement in productivity and profit. The fast pace, at which consumer requirements change, requires investing in innovative solutions to ensure the continued existence and development of business organizations.

The Indian textile industry has strength across the entire value chain from natural to man-made fibre to apparel to home furnishings. India's global export growth is only 5% per cent whereas countries like China, Vietnam and Bangladesh have global export growth rate of 39 per cent,30 per cent and 18 per cent respectively. Taking innovative measures ihip with the industry and learning from experience, India could aspire to achieve 20 per cent growth in exports over the next decade (Source Yojana.gov.in).

Mr. D.L. Sharma, Vice Chairman, CITI & Director, Vardhman Group chaired the interactive session. In his inaugural address Mr Sharma gave an overall perspective of the Indian textile industry and significance of innovation and technology in the present competitive scenario. He also stated that Implementing new technologies into business to automate processes provides for increased efficiencies, increased productivity and ultimately increased profit. Due to automation and use of modern technologies, products will be standardised as the manufacturer will have more control over the accuracy of the components in the manufacturing process. By automating processes, the room for any errors or downtime to occur will be significantly reduced, and collected data can be audited and accessed far quicker. With an increase of quality, efficiencies and downtime, resources can be used to focus on other areas of the business to promote its growth and development.

Mr. Bino George, Principal Business Consultant, Infor India made a presentation from ERP software point of view. Mr. George highlighted the emerging trends in the global textile sector and briefed about innovative solutions and tools for addressing the challenges and capturing the global market.

Mr. Navdeep Sodhi, Partner, Gherzi Textil,

Organisation, Switzerland shared his global experiences and gave inputs on emerging new business models based on innovation and modern technology.

Dr. Sanjay Gupta, Chairman, World University of Design moderated the Panel Discussion. Delegates also actively participated in the deliberations through question-answer with the panelists. Around 50 delegates participated in the event.

Dr. S. Sunanda, Secretary General, CITI in her welcome address said that with the increase in manufacturing costs globally, businesses are focusing more on enhancing productivity to improve the bottom line and new technology is playing key role in achieving it. As a country, India is not less innovative in nature, but it needs to leverage further. Technology is for survival, so companies should use the latest and innovative technology to be competitive in the market. Investing in the innovative technology will ultimately result in offering right product at right price, which is very important for a company's profit. The Government has been working continuously to increase export competitiveness of India. To achieve that Indian textile industry must invest more in R&D and innovative technologies for achieving business excellence and improving the productivity and product quality for taking the sector to new heights of success.

During the interactive session, the speakers also addressed various queries raised by the audience related to innovation and technology. Mr. Ajit Lakra, Managing Director, SuperFine Knitters Ltd suggested that renowned technology solution providers should also focus on the small and medium companies instead of focussing only on the bigger or large cap companies. Small and medium enterprises can collaborate and ask the technology companies to provide solutions for their clusters so that technology can be made affordable and accessible. Experts from Infor Ltd. agreed to the suggestion made by Mr. Lakra and assured him to come out with innovative solutions for small and medium companies in order to make them technology compliant and competitive.

For an initial understanding of the investment opportunities in Ethiopia for the Indian Textile companies, The Supporting Indian Trade and Investment for Africa (SITA) facilitated the participation of representatives of the Confederation of Indian Textile Industry (CITI) and the Southern India Mills' Association (SIMA) - Cotton Research and Development Association (CRDA) at the Africa Sourcing and Fashion Week (ASFW) – 2017 and the subsequent tour programme to Ethiopia Industrial Parks. Mr B. Lakshminarayana, Chairman, SIMA CDRA & MD, Vantex Ltd and Dr. S. Sunanda, Secretary General, CITI attended the Ethiopian tour programme between 3rd to 6th October, 2017.

The Supporting Indian Trade and Investment for Africa (SITA) is a Project of International Trade Centre (ITC) and is promoting trade and investment between India and Africa. SITA aims to improve the competitiveness of select value chains of five East African countries: Ethiopia, Kenya, Tanzania, Rwanda and the United Republic of Tanzania through the provisions of partnerships from institutions and business from India. They have identi fied Textiles as an important sector for the promotion of bilateral trade and investment.

Established in 1964, the International Trade Centre (ITC) is the joint agency of the World Trade Organization and the United Nations. ITC's mission is to foster inclusive and sustainable economic development, and contribute to achieving the United Nations Global Goals for Sustainable Development. ITC works towards creating 'trade impact for good'. ITC's goal is to strengthen the integration of the business sector of developing countries and economies in transition into the global economy.

# CITI'S VISIT TO ETHIOPIA



*In the Picture: Mr. D.L. Sharma, Vice Chairman-CITI delivering the inaugural address at the Interactive Session*

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In July 2017 a high-level Ethiopian delegation, led by the State Minister of Industry, visited India to promote Indian investments in Ethiopia and this tour programme of Indian delegates was a follow-up towards it. Also, the visit aimed to strengthen institutional linkages between CITI, SIMA-CDRA and Ethiopian Textile and Garment Associations.

CITI Secretary General, Dr S Sunanda's visit to Ethiopia was successful and in real terms she could gather information about the investment opportunities in Ethiopia. Dr Sunanda's interaction with Ethiopian Government officials, and businessmen settled in Ethiopia from other parts of the world, especially India were positive and felt that the ease of doing business in Ethiopia is very effective.

Keeping in view the huge opportunities in the field of raw material , cheap labour and promising infrastructure & logistic support, more visits of Indian Business Delegations to Africa can be arranged by CITI in close cooperation with ITC-SITA to invest in the Textiles and Clothing Sector. T&C is a promising sector in East Africa, especially Ethiopia.

The Africa Sourcing and Fashion Week (ASFW) 2017 was the biggest trade event in Africa for textile, apparel and fashion industry. The annual ASFW brings together the key players in textile and apparel industry, buyers, vendors, trade associations and government institutions involved in the apparel and fashion accessories sector from the region and internationally. ASFW 2017 was organized in partnership with Messe Frankfurt Exhibition GmbH,

Ethiopia Textile Development Institute (ETIDI) and Ethiopia Textile and Garment Manufacturers Association (ETGAMA). Messe Frankfurt is world´s leading trade show organizer and leading organizer of textile value chain exhibitions. ASFW 2017 held from 3-6 October in Addis Ababa, hosted over 240 international exhibitors from over 27 countries, and featured high level conference sessions, B2B meetings and a Designer Showcase. It was inaugurated by President of Ethiopia. Their Industry Minister and other trade and investment promotion officials also addressed the audience. They deliberated on their Foreign Direct Investment Policy and the various advantages of Investment in Ethiopia. They also organised one-to-one interaction with Ethiopian Government Officials and industry people.

Dr. Sunanda and ITC SITA Coordinator Mr. Govind Venuprasad participated in a panel discussion on "Investing in East Africa's Textile and Garment Industry". While Mr. Venuprasad highlighted the opportunities, the cost benefits and global market access available for Indian investors in Ethiopia, and East Africa, Dr. Sunanda stressed the need for skilling the local workforce to ensure competitiveness.'While the availability of less expensive labour is definitely a plus, skill development and training are critical in garment manufacturing, particularly in the SME sector,' Dr. Sunanda remarked. 'In that regard, the Ethiopian industry can learn from the Indian growth story, and adopt the best practices in technology and training from Indian counterparts,' she observed. She also deliberated on the success factors for the development of Indian Textile and Garment Industry and the challenges faced by the Indian Textile Industry.

The panel discussion revealed that for the sustainable economic development of Africa, India can play a key role by increasing and diversifying exports and investment. At present, many global textile companies have made investment in the Ethiopian, especially in the Industrial parks. They are basically at the finishing stage, doing value addition and 100 per cent exports, basically, taking advantage of preferential trade agreement with US and Europe. Indian Textile companies can also take advantage of the low labour cost in Ethiopia where the average salary is only around Rs 3250 to Rs 3900 per month. Government of Ethiopia is mobilising female labourers from interior parts / rural areas and providing basic skill development and subsequently companies are giving hands on training. The investors are happy about the labourer's skill in grasping the work.

India's longstanding expertise in capacity building and skill development programmes can be shared with Ethiopian counterparts. Indian textile companies can well address Ethiopia's jobs challenge by investing in people and textile value chain. They have plenty of land with black soil for cultivation of cotton, but lack quality fibre, laboratories for testing and no experience in processing.

CITI and SIMA-CDRA actively participated in ASFW Expo by displaying its corporate brochure, highlighting its activities and distributed CDs on Indian Textile Industry's strength and competitiveness. A film on SIMA-CDRA cotton plucking machine and its productivity was demonstrated. We also shared information to the Ethiopian Government officials and other concerned Associations about Indian Textile Industry and cotton scenario in India. SIMA-CDRA explained the innovative technologies developed by them that are particularly useful to small-holder cotton and yarn producers in Africa, such as the SIMA Kapas cotton pluckers. SIMA CDRA also presented a Kapas cotton plucker to the Ethiopian Cotton Producers Exporters and Ginners Association (ECPGEA). According to Mr. Lakshminarayana, the SIMA hand- held machine would enable a farmer to pick 60 to 80kg of kapas (raw cotton) a day compared to manual picking of 12 to 20 kg/day. Using this plucker, the farmer would be able to bring down the labour cost by 20 percent, and pluck only mature bolls without trash and contamination.

During the visit, the Indian delegation also had the opportunity to attend the India-Ethiopia Business Dialogue – a separate event organized by the Federation of Indian Chambers of Commerce and Industry (FICCI) in association with the Indian Business Forum in Ethiopia, to enhance cooperation in trade and investment between India and Ethiopia. President Ram Nath Kovind of India, and President Mulatu Teshome of the Federal Democratic Republic of Ethiopia were present at the event, which hosted a 30-member delegation comprising of business leaders from different industries. At the event, the Ministry of Industry and Ethiopian Investment Commission presented investment opportunities as well as the state- run industrial parks in Ethiopia.

The Indian delegation also visited Bole Lemi Industrial

Park and Hawassa Industrial Park (HIP) in Ethiopia. Already operational, Bole Lemi is Ethiopia's first industrial park developed by IPDC. An Export Processing Zone, it will be upon completion a "green" park, with more than 30 hectares of green areas being currently developed. Bole Lemi Phase 1 (156 hectares) which has started operations in 2014, is fully operational now. Bole Lemi Phase 2 (186 hectares) being developed in collaboration with the World Bank Group, include both serviced land (from beginning of 2016) and pre-erected factory sheds (from 4th quarter of 2016). In the future, a residential and recreational area adjacent to the site will also be developed. The state-run industrial parks provide developed land and pre-built sheds equipped with all utilities and infrastructure for potential investors. The first industrial park, Bole Lemi Phase 1 houses several foreign-owned garment manufacturers, focused on exports, including Ashton Apparels, India; C&H Garments, China; Arvind Lifestyle Apparel, India; and Shints ETP Garments, South Korea to name a few.

Hawassa Industrial Park, is located 275 km from Addis in proximity to one of Ethiopia's premium holiday destination, Lake Hawassa. Hawassa Industrial Park, a 300 Ha Eco-Park, is centred on textile and garment products, and fully integrated to the city, in collaboration with the newly built Hawassa University. Hawassa Phase I site has 52 sheds with plug and play facility and Zero Lighuid Discharge facility. First phase is occupied completely. Exclusively dedicated to textile and garment manufacturing industries, Hawassa runs a Zero Liquid Discharge (ZLD) facility that enables 90 percent of sewerage disposal water to be recycled, fulfilling international standards. The Hawassa eco-friendly industrial park, which has an one-stop-shop for all government services, has attracted several leading global apparel and textile companies including PVH, USA; Wuxi Jinmao and IndoChine Apparel, China; Raymond and Arvind, India; PTU, Indonesia; TAL and EPC, China and Hong Kong, among others.The ITC-SITA hopes that Indian Textile Associations' visit will serve as a multiplier, mobilising member companies to explore investment opportunities in Ethiopia and the region. As a next step, **an exploratory visit is now being scheduled for a larger delegation of Indian companies and investors in January 2018.**

# CITI'S PARTICIPATION IN PREVIEW IN SEOUL 2018 TEXTILE TRADE FAIR


Confederation of Indian Textile Industry (CITI) in its ongoing efforts to strengthen and promote Indian textiles and clothing trade and exports globally and to build a strong image of Indian textile industry, participated and organized India Pavilion with 12 participants including CITI in "Preview in Seoul 2018 Fair". The Fair organised by Korea Federation of Textile Industries (KOFOTI)from 5thSeptember to 7th September 2018 at Convention and Exhibition Centre, Seoul, Korea was a grand success. A total of 388 firms, including 131 foreign companies, in the textile and fashion industry participated and exhibited in Preview

Imports from Korea have increased at a CAGR of 6% since 2013-14 while Exports have grown by 4% during same period

Fabric have the maximum share in Imports while Imports of Fibre have grown at a robust CAGR of ~30%

**India's Positioning in Korea Textile and Apparel Trade of 2017-18**

**Imports (US$ Mn)**

- Total Imports by Korea : 14,476
- Exports from India : 374
- India's Share : 2.6%
- India's Export Position : 20

**Exports(US$ Mn)**

- Total Exports from Korea : 13,267
- Imports by India : 181
- India's Share : 1.4%
- India's Import Position : 07

**Commodity wise India's T&A Export-Import (US$ Mn)**

| Commodity | Export | | | Import | | | Trade Balance | | |
|---|---|---|---|---|---|---|---|---|---|
| | FY 14 | FY 18 (E) | CAGR | FY 14 | FY 18 (E) | CAGR | FY 14 | FY 18 (E) | CAGR |
| Filament | 33 | 39 | 4% | 39 | 41 | 1% | (6) | (2) | -22% |
| Fibre | 32 | 31 | -1% | 9 | 25 | 29% | 22 | 5 | -30% |
| Yarn | 180 | 129 | -8% | 2 | 1 | -30% | 177 | 129 | -8% |
| Fabric | 29 | 97 | 35% | 60 | 65 | 2% | (31) | 33 | |
| Apparel | 35 | 43 | 6% | 1 | 1 | -12% | 34 | 43 | 6% |
| Home Textiles | 12 | 13 | 3% | 1 | 1 | 12% | 11 | 12 | 3% |
| Others | 5 | 22 | 46% | 29 | 48 | 13% | (24) | (26) | 2% |
| **Total T&A** | **325** | **374** | **4%** | **142** | **181** | **6%** | **183** | **193** | **1%** |

*Data Source: DGCIS & UN Comtrade*

in Seoul 2018.Over 13,000 visitors from different parts of globe visited the exhibition this year.India's Trade of Textiles & Apparel Items with South Korea Confederation of Indian Textile Industry (CITI) and Korea Federation of Textile Industries (KOFOTI) have signed an MOU for mutual co-operation between the two organisations including promotion of the events of CITI and KOFOTI in each other's country.

CITI leads the contingent of Indian Textiles and Clothing Companies every year to promote and strengthen Indian Textiles &Clothing trade and build a strong image of Indian textile industry in Korea. Platform like PIS is important as companies can personally meet the leading foreign buyers, traders, etc. who have business interests in India and invite them to participate in T&C trade related activities in India.

Preview in Seoul (PIS) is Korea's premier textile exhibition aiming to create superior value through promoting active exchanges and building partnership between global players and Korean textile and apparel companies. PIS provides opportunities to explore distinctive yarns, eco-friendly & functional textiles, knits, findings & trims, accessories, DTP and machineries all organized around textile sectors. PIS 2018 offered numerous fun events. Attendees enjoyed the Trend Forum with the latest textiles, 1:1 networking opportunity with top buyers, fashion shows, fashion trends and textile seminars, fund-raising bazaar and fashion film screenings.

**CITI has been successfully leading the Indian delegation to 'Preview in Seoul Exhibition' as per details given below:**

| Year | No. of Participating Companies |
|---|---|
| 2011 | 6 |
| 2012 | 2 |
| 2103 | 4 |
| 2014 | 5 |
| 2015 | 5 |
| 2016 | 4 |
| 2017 | 11 |
| 2018 | 12 |

| S.No. | Company Name |
|---|---|
| 1. | Grasim Industries Ltd. – Birla Cellulose |
| 2. | Banswara Syntex Limited |
| 3. | Texperts India Private Limited |
| 4. | Motherland Textile India Pvt. Ltd. |
| 5. | The Lakshmi Mills Company Limited |
| 6. | Chennai Textiles |
| 7. | VSM Weaves India (P) Ltd. |
| 8. | Kikani Exports Pvt. Ltd. |
| 9. | BST Textiles Ltd. |
| 10. | Vijeta Tex Fab Pvt. Ltd. |
| 11. | Vineet Polyfab Private Limited |
| 12. | Confederation of Indian Textile Industry (CITI) |

CITI negotiated with KOFOTI and obtained a few built-up booths for Indian Participants in the Preview in Seoul 2018 on a special discounted rate to participate.
This time CITI lead the delegation with highest number of Indian companies to Seoul Textile Trade Fair compared to previous year. Following companies participated in the PIS 2018 and sent their representatives to promote their textile business and showcased their products and services to tap global buyers.
From CITI, Mr. Manoj Sharma, Deputy Secretary visited the Fair as official coordinator for making necessary arrangements, announcements related to Show and to liaison with show organizers on behalf of Indian Participants in the India Pavilion at PIS 2018.

# DIAMOND JUBILEE CELEBRATIONS

## CITI Global Textile Conclave 2018

- CITI has completed 60 years of its service to the industry and nation in the year 2018. To celebrate this important occasion, CITI is organizing "Global Textiles Conclave 2018" on Tuesday, 27th & Wednesday, 28th November 2018 in Vigyan Bhawan, New Delhi as part of its Diamond Jubilee Celebrations.
- The theme of the event is "Disruptions and Innovations for Sustainable Growth. On this spectacular occasion, we have invited the Hon'ble Prime Minister of India, Shri Narendra Modi ji to inaugurate the Global Textiles Conclave 2018 on 27th November 2018 and the Hon'ble Vice President of India, Shri Venkaiah Naidu ji to deliver the Valedictory Address.
- On this spectacular occasion, we have invited the Hon'ble Prime Minister of India, Shri Narendra Modi ji to inaugurate the Global Textiles Conclave 2018 on 27th November 2018 and the Hon'ble Vice President of India, Shri Venkaiah Naidu ji to deliver the Valedictory Address.
- The Hon'ble Union Minister of Textiles, Smt. Smriti Zubin Irani and The Hon'ble Union Minister of Commerce & Industry and Civil Aviation, Shri Suresh Prabhu, have confirmed to grace the occasion with their valuable presence.
- I request the wholehearted support from all of you for the grand success of CITI GTC18.

## InnoTex 2018

- CITI has for the first time in the history of Textile & Clothing Industry has launched InnoTex 2018 an innovation contest for the Textile and Clothing Industry of India.
- We have sought applications for innovation in Design, Method, Process, Product and Cost in the areas of Ginning, Spinning, Weaving, Knitting, Processing, Garmenting and Technical Textiles. NITRA is the Knowledge Partner for the Contest. The last date of submission of online application is 30th September 2018.
- To oversee the progress of InnoTex 2018 an Organizing Committee has been formed under the Chairmanship of Shri Prashant Mohota, Chairman, CITI-YEG. A Jury comprising industry experts is to be formed which will interview the shortlisted candidates and they will be further asked to make presentations on their topic. The final round of the contest will be held during Global Textiles Conclave 2018.
- I appeal to all members to actively participate in the context, extend valuable support and cooperation to make InnoTex a grand success.

# 59TH ANNUAL GENERAL MEETING OF CITI

## The Economy

Government of India under the able leadership of our Hon'ble Prime Minister, Shri Narendra Modi is bringing out a series of positive reforms, which I am sure, will accelerate the growth of the Indian industry and bring about transformational change in Indian economy. Over the years India will emerge as one of the most vibrant economies in the world. The recent reforms initiated by Government of India like the "Make in India" programme, "Ease of Doing Business", Demonetisation, Goods and Services Tax (GST), the Insolvency and Bankruptcy Code, Foreign Direct Investment liberalisation will help the Indian Industry to be more competitive and vibrant and lead to inclusive growth of the economy. The Indian economy today is "a bright spot" in the global economy and it has become an attractive investment destination. I am sure, in spite of the various challenges Indian textile industry is facing post GST, it will continue as the second largest employment creator and enhance its contribution to India's GDP.

At the same time, we can't ignore the disturbing trends in the Indian economy following the implementation of Goods and Services Tax (GST) on 1st July, 2017. Data released on 31st August, 2017 by the Central Statistics Office (CSO) showed that India's "real" or inflation-adjusted GDP grew at the slowest pace in 13 quarters and is still a long way off from returning to 8 percent growth path, last seen in 2015-16. The Indian economy grew 5.7 percent in April-June 2017, sharply lower than last year's 7.9 percent expansion in the same quarter as also the previous quarter's 6.1 percent growth, signs that the country was still reeling under the shock of demonetisation and disruption caused ahead of GST's rollout.According to the Government reports the main factor for the drop in GDP growth rate was a sharp fall in 'industry' performance. The slump in 'manufacturing Gross Value Added (GVA) could be attributed in large part to the apprehensions among the trading/dealer community over the impact of the July 1 GST rollout, which prompted them to go in for destocking of inventory in a big way in June. Companies had significantly scaled down production in June as part of a business strategy to carry over as little old stock as possible into July, triggering an unexpected mid-year pre-GST "sale" season on many products at heavy price markdowns. Thus, the rise in cost and reduced inventory are two factors responsible for reduced GVA.

At this juncture, I am not ruling out that a number of factors could impinge upon the prospective growth of the textile industry like almost stagnant investment in the sector, sagging capacity utilization and tepid trade growth on account of GST implementation. As we can see this is now dragging down our manufacturing and exports. But I am hopeful that with the support of the Government of India, Indian textile industry can withstand and overcome these challenges and emerge as a global giant in the textile trade.

## Performance of the Textile Industry

The area under cotton after reaching a high of 128 lakh hectares during 2014-15, dropped to 123 lakh hectares in 2015-16 and further down to 108 lakh hectares during the year under review. The production has been estimated at 345 lakh bales for the season 2016-17 as against 332 lakh bales estimated for the previous cotton season. For the cotton season 2017-18, the global cotton area has been projected to increase by 11%. Hence, the cotton position will be comfortable during the coming year. The mill consumption of cotton during 2016-17 reduced to 293 lakh bales from 302 lakh bales. The cotton price was highly volatile during the year 2016-17. Shankar-6 price ranged between Rs 32,800 and Rs.48,500 and the yearly average worked out to Rs 40,986 per candy, 22.01% higher than previous year average.

However, the average daily price of Cotlook A Index was 79 cents which was higher by only 12.5% when compared to the previous year. The production of man-made fibres and filaments in 2016-17 stood at 1,364 and 1,159 million kgs while the same stood at 1347 and 1164 million kgs in the previous year. Consumption of man-made fibres and man-made filament yarn during the year were 1,127 and 560 million kgs, 2.25% and 17.01 % lower than previous year consumption of 1,153 and 675 million kgs respectively. All yarn production during the year stood at 5,666 million kgs compared to previous year all yarn production of 5,663 million kgs. The total fabric

production of all sectors reduced by 1.66% during 2016-17.

In the spinning sector, there was a limited growth during the last five years when compared to the previous five years' period owing to reduced domestic demand and yarn exports during the last three years. During the period 2007-12, the addition in the Non-SSI spinning sector was 7.70 million spindles while it was only 3.81 million spindles during the last five years. The CAGR from 2011 to 2017 worked out to 1.66 for ring spindles and 2.79 for rotors. Currently, the country has 52.45 million spindles and 8.76 lakh rotors spinning capacity. On export front, global exports in 2016 stood at USD 15,985 billion, 3.1 % lower than previous year export and imports had also come down to USD 16,299 billion, 2.7 % lower than previous year import. India's share of export and import worked out to 1.62% and 2.34%, lower than previous year's share of 1.70% and 2.42% respectively.

The country's total export in 2016-17 stood at US$ 276.28 billion, 5.3 % higher than previous year export of US$ 262.29 billion and the import increased marginally by 0.9% to US$ 384.32 billion. The total exports of textiles and clothing during 2016-17 was US$ 36.48 billion and 13 % of India's total exports, 2 per cent lower than the previous year. Export of cotton and its products covered under HS Code 52 during the year stood at USD 6,637 million, 9.24 % lower than previous year export of USD 7,313 million. However, import had increased by 89% to USD 1,132 million mainly due to the increased volume of cotton imports.

The value of yarn exported during the year 2013-14 was US$ 6,726 million and the same has reduced by 21.8% to US$ 5,261 million during the year 2016-17.

**Policy interventions**

The Government continues to give a major thrust for improving the growth of the Indian textile industry to create more job opportunities. Rs.6,006 crores Scheme for Production and Employment Linked Support for Garmenting Units (SPELSGU), inclusion of made-ups under SPELSGU, revamping the cotton trading policies of CCI, Powertex India (a unique scheme for power loom sector), classifying the entire cotton textile value chain and all job works relating to textile industry under the lowest GST slab of 5% were some of the major initiatives that would greatly benefit the textile industry. We highly appreciate the strenuous efforts put in by our Hon'ble Union Textile Minister and Information and Broadcasting, Smt.Smriti Zubin Irani and congratulate her for the remarkable achievements.

Hon'ble Textile Minister also for the first time showcased the capability of the Indian textile industry to the world through Textiles India 2017, a mega international textile expo and facilitated B2B on a large scale.

I appeal to the Hon'ble Union Textile Minister to finalise and announce the new textile policy, that has been pending for several years giving major thrust for value addition. A special package for textile processing segment is also the need of the hour to strengthen the weakest link in the entire textile value chain.

Indian spinning segment is fairly modernised, thanks to TUFS and various State Textile Policies. But, this segment has been facing continuous recession from the beginning of 2014 as China has been gradually reducing the cotton yarn imports from India and increasing the volume from Vietnam. The spinning capacity has been increased by over 3.5 million during the last three years. But the annual cotton yarn production is stagnated at around 4,000 million kgs. India exported around 120 to 140 million kgs of cotton yarn per month during 2013-14 and now exports less 100 million kgs. It is essential to include cotton yarn under MEIS and IES that has been singled out while restoring these benefits to utilise the capital intensive surplus capacity and prevent several hundreds of units becoming NPAs/sick. This would also help the cotton farmers to fetch better price and prevent MSP operations in the forthcoming cotton season.

**Good and Service Tax (GST)**

As far as GST is concerned, we have two major pending issues, viz.,reduction of GST rate on MMF and its blended spun yarn including filament sewing threads from 18% to 12% and allowing the refund of

accumulated input tax credits on fabric especially the processed fabric to avoid cost escalation and to remain globally competitive. Since the dyes and chemicals attract 18% or 28% GST and the fabric processing job work service charge or fabric attracts only 5% GST, the condition of not refunding accumulated ITCs at fabric stage increases the cost. This will erode our competitiveness in the open market.

With the introduction of GST, the duty protection given to the domestic fabric manufacturers has

reduced drastically. Under the Pre-GST, import of all fabrics attracted 10% Basic Customs Duty, 4% Special Additional Duty and 3% Education Cess; in addition, the cotton fabrics attracted 6% CVD while synthetic fabrics attracted 12.5% CVD. Now all the fabrics attract only 10% Basic Customs Duty and 5% IGST. Hence, necessary policy intervention is essential to protect the highly capital-intensive yarn and fabric segment capacities already created in the country through TUFS and Textiles Policies of various States and enable "Make in India" vision a reality.

Considering the huge tariff rates imposed on Indian textiles and clothing products in all the major overseas markets, it is essential to retain all the export benefits extended under Pre-GST regime including the benefits extended under SPELSGU garment/made-ups export package that is valid for two more years.

**New Avatar of Technology Mission on Cotton (TMC)**

The Textile Commissioner convened series of meetings of a sub-group of Cotton Advisory Board headed by Dr Keshav Kranthi, Former Director, CICR to prepare a draft proposal for bringing the Technology Mission on Cotton in a revised format with four Mini Missions for Technology Development, Technology Transfer, Clean Cotton and Branding Indian Cotton Textile Products, double farmers' income by adopting global best practices. I appeal to our Hon'ble Union Minister for Textiles to give top most priority for the proposal and announce the scheme at the earliest.

I also appeal to the Ministry of Agriculture to come out with a special scheme for doubling cotton farmers' income focussing on technology development and technology transfer.

**Ease of Doing Business**

We highly appreciate the Hon'ble Prime Minister for initiating various bold and innovative policy interventions to facilitate ease of doing business. At this juncture, I fervently appeal to the Government to have a relook on the two antiquated policies, viz., Hank Yarn Obligation and Handloom Reservation Act that greatly hinder the smooth functioning of the cotton spinning and weaving sector apart from cost escalation. In the free market economy and current fashion trends, market forces decide the supply and demand. Such forced regulations need to be scrapped at least in a phased manner. At the same time, we need to protect the interests of handloom weavers to protect our heritage and artesian design skills with special schemes. For the current production level of spinning and Handlooms, the actual hank yarn requirement is not even 10% while 40% was fixed more than 15 years ago. Similarly, most of the fabric items covered in handloom reservation act are not economically viable to produce out of Handlooms and normally produced out of power looms.

This will never allow the handloom weavers to improve their income level. Therefore, I appeal to the Government to have a serious look on these two schemes and take decisions at the earliest.

**ITMF 2016**

CITI had the privilege to organise the annual conference of "International Textile Manufactures Federation" (ITMF) in Jaipur, the capital city of Rajasthan in a grand manner. There has been huge participation from the industrialists, manufacturers, traders, academician and professionals from India and overseas, as well as central and state Government dignitaries taken part in the three-day conference at Jaipur. More than 300 participants attended the conference. I thank and appreciate my predecessor MrNaishadh Parikh, the Organising Committee headed by Shri B K Patodia, the ITMF Office Bearers, Board Members especially the Director General Mr Christian P Schindler and CITI Secretariat headed by the former Secretary General MrBinoy Job for successfully conducting the event.

**Textiles India 2017**

CITI along with its members participated in the Textiles India 2017 organized by Ministry of Textiles in association with textiles and clothing trade councils and associations at Gandhinagar, Gujarat from June 30, 2017 to July 2, 2017. Coinciding with Textiles India 2017, CITI signed two MOUs with International Textile Manufacturers Federation (ITMF) and Wakefield Inspection Services for long term business cooperation and trade promotion.

**9th ATEXCON**

CITI will be organizing its premier textile event, the 9th Asian Textile Conference in Mumbai shortly. I request all of you to participate in the event and make the event a grand success.

**Diamond Jubilee Year**

CITI will be entering the Diamond Jubilee year in 2018 and propose to organise a series of commemoration activities to celebrate the successful journey of the

apex industry chamber serving the industry and nation for the last 60 years. I appeal to all Members especially the Regional Member Associations and all Corporate Members to take active part,extend valuable support and cooperation to make the Diamond Jubilee celebration a memorable one.

**CITI CDRA**

CITI's Cotton Development and Research Association (CITI CDRA) continued its cotton development activities during the year under review as usual in Rajasthan and Maharashtra especially in Nagpur, Wardha, Jodhpur, and Banswara districts giving special attention for promoting ELS cotton, increasing area under cotton, improving yield and quality of cotton. In Rajasthan, CDRA not only implemented the cotton collaborative projects but also provided infrastructural support to the State Agriculture department for implementing Front Line Demonstration programme of the State Government for promoting "Extra Long Staple Cotton" for the first year. The industry is grateful to Shri P.D. Patodia, our Former Chairman, for spearheading the commendable activities of CITI-CDRA in his capacity as Chairman of CITI's Standing Committee on Cotton.

**CITI Birla Award**

CITI-Birla Economic & Textile Research Foundation has been conferring an award every year for excellence shown by a mill selected based on applications received from the mill industry. This year, the award is for Energy Conservation in Textile Mills. A Jury Chaired by Dr Arindam Basu, Director General of NITRA with the Directors of ATIRA, SITRA and BTRA as the other jury members has selected the winner for this year and the award will be presented here a few minutes later. My congratulations in advance to the winner and thanks to the Jury for selecting the winner.

**Acknowledgements**

I would like to express my sincere gratitude for the support which CITI got from the Government of India, particularly from Ministry of Textiles, Ministry of Commerce and Industry and Ministry of Finance during the year. We are grateful to Shri Arun Jaitley the Hon'ble Finance Minister, as well as senior officials in the finance ministry for their help during the year. I thank Smt. Nirmala Seetharaman, the former Hon'ble Minister of Commerce an Industry and Commerce Secretary, as well as other senior officials in her ministry for helping us in matters relating to Foreign Trade Policy.

I convey our special thanks and appreciations to Hon'ble Union Textile Minister Smt. Smriti Zubin Irani and Minister of State for Textiles, Shri Ajay Tamta who have been helpful to industry during the year in tackling its problems and taking up our suggestions and issues of textiles sector with the other concerned ministries to find solutions. I also thank former Secretary (Textiles) Smt Rashmi Varma and the present Secretary (Textiles) Shri Anant Kumar Singh who were instrumental in giving shape to some of our proposal as government policy, which was imperative to give industry a boost. I would also like to express my gratitude to Dr Kavita Gupta, our Textile Commissioner who was of great help to the industry during the entire year on key issues like GST, FTP and cotton situation in India. I also thank the Joint Secretaries and other officials in the Ministry of Textiles for their help and cooperation during the year.

I thank my predecessor Mr Naishadh Parikh for shouldering the responsibility of organising ITMF event and also continuing the leadership for a major period of the current year. I thank all our Former Chairmen, especially Mr B K Patodia, Mr Prem Malik, Mr V K Ladia, Mr P D Patodia and Mr S V Arumugam, Deputy Chairman Mr T Rajkumar and Vice Chairman Mr Sanjay Kumar Jain have been of great help to me in discharging my responsibilities during my short tenure as the Chairman of this prestigious Federation. I received unstinted support from the member associations, associate members and corporate members of CITI as well as the Chairmen of major export promotion councils such as AEPC, TEXPROCIL, SRTEPC and PEDEXCIL and I thank all of them on behalf of CITI.On behalf of CITI and the industry at large, I thank both print and visual media for the support extended by them to us during the year. The proper projection of our issues by them helped us immensely in seeking remedies to some of them. Finally, I would like to thank CITI Secretary General Dr S Sunanda and her team of officers and staff for the dedication they have shown in handling their work during the year.

CITI

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

YEARS OF SERVICE TO THE TEXTILE INDUSTRY

# CONFEDERATION OF INDIAN TEXTILE INDUSTRY (FORMERLY KNOWN AS THE ICMF) PAST CHAIRMEN

| Name of the Past Chairman | Period |
|---|---|
| Late Shri KasturbhaiLalbhai | 1958-59 |
| Late Shri Krishnaraj M.D. Thackersey | 1960 |
| Late Dr. Bharat Ram | 1961-62 |
| Late Dr. Ramnath A. Podar | 1963-65 |
| Late Cav. Dr. G.K. Devarajulu | 1965-66 |
| Late Shri MadanmohanMangaldas | 1967-68 |
| Late Shri Radhakrishna R. Ruia | 1969-70 |
| Late Shri Tej Kumar Sethi | 1971-73 |
| Late Shri G.K. Sundaram | 1973-75 |
| Late Shri Balkrishna Harivallabhdas | 1975-77 |
| Late Shri Rasesh N. Mafatlal | 1977-78 |
| Shri J.P. Goenka | 1978-80 |
| Shri K. Rajagopal | 1980-82 |
| Late Shri Arvind NarottamLalbhai | 1982-84 |
| Shri Kantikumar R. Podar | 1984-86 |
| Shri Satish Kumar Modi | 1986-88 |
| Late Shri G. Varadaraj | 1988-90 |
| Shri Rohitbhai C. Mehta | 1990-92 |
| Late Dr. Mohanlal Piramal | 1992-94 |
| Shri R.V. Kanoria | 1994-95 |
| Shri D. Lakshminarayanaswamy | 1995-97 |
| Shri Deepak Parikh | 1997-98 |
| Shri Sudhir Thackersey | 1998-00 |
| Shri B.K. Patodia | 2000-01 |
| Late Dr. Rajaram Jaipuria | 2001-02 |
| Shri Chintan Parikh | 2002-03 |
| Dr. B.K. KrishnarajVanavarayar | 2003-04 |
| Shri V.K. Ladia | 2004-05 |
| Shri Hiren Shah | 2005-06 |
| Shri Shekhar Agarwal | 2006-07 |
| Shri P.D. Patodia | 2007-08 |
| Shri R.K. Dalmia | 2008-09 |
| Shri Shishir Jaipuria | 2009-11 |
| Shri S.V. Arumugum | 2009-11 |
| Shri Prem Malik | 2011-13 |
| Shri Naishadh Parikh | 2013-15 |
| Shri J. Thulasidhran | 2015-17 |

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

YEARS OF SERVICE TO THE TEXTILE INDUSTRY


*59th Agm of Citi Think Tank Session*


*Citi Chairman Reciving Tsc Award From Honorable Finance Minister Shri Arun Jaitley*

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

YEARS OF SERVICE TO THE TEXTILE INDUSTRY


**Confederation of Indian Textile Industry**

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