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Chairman's Word

This Special edition of Textile Times is well opportune, since this is the last 'Textile Times' issue under my chairmanship. I feel elated completing my successful stint as Chairman CITI. I am stepping down in the forthcoming 61st Annual General Meeting of CITI on 16th September 2019. It has been a very wonderful, challenging and learning experience for me and a constructive association with the Apex Body of Textiles – CITI.

As Chairman CITI, I have tried to touch upon every aspect of the textile industry and did my level best to address the issues of the industry. I thank my colleagues especially Shri T Rajkumar, Shri D.L. Sharma, all the Past Chairmen and Committee Members of CITI who guided me through this difficult time. I also thank CITI Secretariat for supporting me in my every endeavour despite needing to work overtime and even on holidays.

I would also like to extend my special thanks to the Hon'ble Union Minister of Textiles and Woman & Child Development, Smt. Smriti Zubin Irani Ji, the Hon'ble Union Minister of Commerce, Industry and Railways, Shri Piyush Goyal Ji, Secretary (Textiles), Secretary (Commerce) and all the senior officials of both the Ministries for giving patient hearing to our issues and resolving some of them. I am also thankful to NITI Aayog officials, especially Shri Rajiv Kumar, Vice Chairman and Shri Amitab Kant, CEO for discussing with CITI, the textile issues and taking it up with the PMO. They continue to work on the many other significant textile policy issues and I am hopeful that the seeds sown will bear fruits in the coming times.

As we all know that India is reeling under grave economic crisis, the recently released quarterly reports also showed a slump in GDP growth to 5% in the first quarter of 2018-19 after a long time. In T&A sector as well, DGCI&S data for the month of July has shown the continued declining trend in exports of textile products, except Apparel and Fabric which registered some positive growth.

Though, Apparel has shown positive growth due to RoSCTL announced in March 2019, the impending removal of MEIS will again take it back to pre March 2019 levels and is a matter of concern as the poor export demand for upstream products means its dependance on domestic garment production is higher. CITI has strongly requested the Government to extend RoSCTL for the entire textile value chain including Yarn and Fabric Sector which bears Central and State embedded taxes upto 5-7%, not refunded to the exporters at any stage. Government is actively considering our request, and we are hopeful that RoSCTL will be given to all those segments which are badly affected and require Government support.

India, despite having all types of fibres in abundance, presence of entire textile value chain and a large domestic supportive market, exports of T&A have either stagnated or declined and imports have grown steeply in the last five years. This is primarily because of the higher fibre prices, power and interest rates, increasing cost of our products due to unrefunded duties, taxes etc., high tariff rates in the major markets and GST reducing the import trade barriers substantially by subsuming CVD and SAD. Growing imports especially of garments from Bangladesh and MMF yarns from Indonesia and Vietnam are a big concern and we have strongly represented for redressal of the same. All these issues have made us on an average 10-20% more expensive against competition and hence, we are unable to grow despite having many inherent advantages.

Crises of Spinning Industry is not unknown to us. We are witnessing a slump in demand and 'Production Holiday' is being observed in most of the mills where 8-millions spindles are lying unutilized as already there are no takers for 30% exportable surplus cotton yarn lying in mills' go-downs. The export of cotton yarn has taken the major hit as its exports in the current financial year has been reduced by almost 36%. Cumulatively, the step-motherly treatment by the Government of India towards cotton yarn have forced spinning mills to cut down production by 15-30%.

CITI has also asked the Government to extend uniform GST rates on MMF products from 18% and 12% to 5% to eliminate inverted duty structure issue in MMF segment. We have told the Government that there will be no revenue loss to the exchequer and would help the government to reduce burden of

refund of ITC on goods to the industry. It will also help the textile industry in addressing some of its liquidity crisis.

Global trade developments like US – China Trade war has slowed down the global demand of textile products and ongoing RCEP negotiations is posing an imminent threat for our T&A industry. Amongst the very few items in which India is more competitive than China is cotton based textiles i.e. yarn, fabric and made-ups. The ongoing negotiations in China led trade bloc RCEP would further aggravate the situation since China the major market for Indian cotton yarn exports now source cotton yarn from Vietnam. Its overall share has increased by 139% while India's share has decreased by 37%. India must find a way forward for reducing India's Widening Trade Deficit with China. Indian government needs to be very cautious while taking any final decision on the Pact as MMF Sector which is already feeling the heat of unprecedented imports of MMF products would be at the receiving end.

CITI has been aggressively pursuing the issues of T&A industry since I became the Chairman of CITI as the Indian Textile Industry stands at a crucial juncture experiencing its worst phase and certainly needs maximum support from the government to overcome the unprecedented challenges. In the current budget, the Government has set the target of reaching to $5-Trilion economy by 2025. If Textiles has anything to do with this ambitious target then Government must provide the level playing field to the textile industry especially MMF Segment since cotton has its own limitations. Indian textile industry is second to none and holds the potential to achieve any given target provided its gets the appropriate policy support similar to what China, Vietnam and Bangladesh government has given to its industry.

In my tenure, I am happy that I was able to successfully organise the 9th Asian Textile Conference (ATEXCON) in Mumbai and CITI Diamond Jubilee event Global Textile Conclave (GTC) in New Delhi and the GTC was inaugurated by the Hon'ble Vice President of India, Shri M. Venkaiah Naidu Ji. CITI, first time in the history of Indian Textile Industry organised InnoTex 2018 under my leadership! It received huge accolades not only from the participants who came across from all parts of the country but also from the industry stalwarts as well. In my tenure, CITI signed eight MoUs with Textile Associations of major textile producing countries for the promotion of textiles and investment. CITI also got engaged with various State Governments like West Bengal, Gujarat, UP, Assam, Telengana and Orissa for the promotion of textiles and investment in their states. For addressing our issues, I reached out to all the Ministries, all the Departments whether it was Prime Minister's Office, NITI Aayog, Ministry of Textiles, Ministry of Finance and Ministry of Commerce & Industry. I am also happy that I could build relationships with all other large National level associations and we could work together on many issues, some of whom also consented to become members of CITI.

However, I hope my successors will walk more down this path to further improve unity in the textile industry. It's a matter of pride for me that CITI is now being recognised as the only Industry Body covering the entire textile chain from fibre to garments for both domestic and exports. It is today the most invited Association by various Government Departments for all issues related to Textiles & Apparel and is consulted for data/analysis across segments. We also managed to create an excellent relationship with all major media players across the country. Last but not the least, we recognised the importance of social media and have built a community around Linkedin, Whatsapp and Twitter through which we are reaching out regularly to thousands of industry players. The new initiatives, however did not lead to the loss of focus for our marquee program of CITI CDRA, which has been appreciated by all including Hon'ble Ministers. I thank Shri P D Patodia Ji and his CDRA team for their valuable initiatives for cotton development.

I am very much assured that my successors will leave no stone unturned in achieving industry goals and would extend my full support to them in all their future endeavours. With this, I once again thank everyone for making my stint as CITI Chairman a wonderful and enriching journey. I feel a leader's job is well done only when he is able to handover the baton to a more capable team, which I am sure of successfully doing.

Sanjay K. Jain

Contents

TEXTILE TIMES
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IN THIS ISSUE

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The Indian Textile and Clothing (T&C) Industry which is one of the leading segments of the Indian economy and provides direct and in-direct employment to more than 10 crore people and livelihood to more than 60 lakh cotton farmers is facing challenges and stagnancy in the last few years. India's T&C Industry is a significant sector in Indian economy as it has a share of 7% in total Industrial production of India, accounts for 11.4% in India's` total exports and about 27% share in India's foreign exchange inflow in 2018-19. At the same time, Indian T&C Industry, one of the largest Industrial employers is presently going through a deep crisis having several issues like, uncompetitive fibre prices, declining exports, in-competitiveness of our products in international markets, embedded taxes not getting refunded, 9000 plus pending cases under various schemes of TUFS, lack of working capital, loss of employment, etc. The T&C industry is in dire need for policy reforms to revive, boost and make it globally competitive.

India is blessed with the presence of complete textile value chain in Cotton as well as MMF Sector! It is one of the largest producers of cotton fibre and the second largest producer of synthetic fibre in the world. However, despite having all the fibres in abundance and a large domestic supportive market, in the last five years exports of T&C have stagnated and imports are growing continuously. Further, there is a total loss of confidence by both debt and equity – banks have classified Textiles as a Red and Stressed Sector, while in the last one-year top 20 textile companies have lost more than 45% market capitalization.

Indian T&C Industry at present is basically **suffering from three structural issues**:

- Relatively higher fibre, power and interest rates vis a vis competition
- Export cost including high level of duties, taxes etc.
- Relatively higher tariff rates in most major markets vis a vis competition

These issues have made us on an average 10-20% more expensive against competition and hence, we are unable to grow despite having many inherent advantages. Indian textile industry is a large & matured industry with single digit net margins, hence cannot absorb the cost of these disadvantages.

India should have been a Textile Superpower by now but China, Bangladesh, Vietnam and all have surpassed us making us a mute spectator looking at them eating into our share! India which maintained the 2nd Position in the world textile ranking as the world's second largest exporter of T&C products till 2017, has slipped to 5th position in 2018 due to poor and stagnant export performance in textile trade. Further, India is also witnessing a substantial increase in T&C imports and the same has increased by 22.8% during the past five years

India's T&C industry has witnessed many ups-downs during the past five years. India's T&C exports have declined from US$ 38.6 billion in 2014 to US$ 37.1 billion in 2018 while imports have increased from US$ 5.8 billion to US$ 7.3 during the same period. CITI analysis of the Exports of T&A for July 2019 shows that there is an increase in the exports of apparel and fabric by 7% and 19% respectively while exports of fibre and yarn have declined by 60% and 39% respectively as compared on a Year-On-Year basis.

We thank the Government of India for giving RoSCTL Scheme for Apparel and Made-ups Sectors. RoSCTL has not only helped stoppage of taxes getting exported but has also made Indian Apparels and Made-ups more competitive in the export markets.

The growth in exports of Apparel shows the effectiveness of MEIS plus ROSCTL. Unfortunately cotton yarn didn't get anything and MMF Yarn and Fabrics are just getting 2% MEIS. Though India's Cotton Spinning Sector is not only one of the modernized sectors of the world and also the leading producer of cotton yarn, it is now struggling to find its foothold. The Sector that once achieved the highest export growth in 2013-14 is now struggling with 30% over capacity and showing negative growth in 2018-19 as compared to 2013-14.

This is mainly due to the lack of export incentives which were withdrawn for the sector in 2014-15. The other reasons for the decline in cotton yarn exports are: non refund of embedded taxes of around 5%, issue of cash crunch in the mills due to pending issues of TUF subsidies and excess capacity lying idle, costlier cotton yarn

prices and imposition of 3.5% import duty by China. Due to the above adverse reasons, the spinning sector all over India recently were forced to cut down their production by 15% to 50% as a damage control exercise since already 30% excess stock is lying unutilized in their go-downs.

Similarly, higher prices of synthetic fibres have made import of MMF Yarn cheaper and as better option. Until, we do not correct the domestic MMF fibre prices, it is difficult to stop the import of MMF yarn into India. Thus, the only option left with us at present is to increase the Basic Customs Duty (BCD) on import of MMF yarn from 5% to 10% to safeguard the interest of MMF Yarn Segment.

Further our fabric sector is not performing as it is not internationally competitive. Our current GST does not include various input taxes like agri. inputs, petroleum, electricity etc., and thus along with our fabric exports, we export large component of embedded taxes which come to around 6-7%. Even though we have huge potential to emerge as a sourcing destination for fabrics, due to our uncompetitive prices, our fabric exports are not picking up. At the same time, for the overall growth of the textile value chain the growth of Fabric Sector is very critical. Even in large T&A export countries like China, fabric accounts for 20% of their exports. The fabric industry is highly job intensive. Out of the total jobs in the T&A industry, 18 million are from fabric manufacturing, which is the highest number.

Indian Garment Sector is also going through a difficult phase and need immediate attention of the government. After implementation of GST in July 2017 the import of readymade garments from Bangladesh is increasing continuously and at a great pace. India's import of RMG from Bangladesh has increased unprecedentedly by 82% during 2018-19/2017-18, reaching US$ 365 mn. accounting to 33% in India's total RMG imports.

If the Government really wants that Indian T&C Industry should achieve and contribute significantly to the new target of the Indian Government to achieve US$ 5 trillion economy and US $ 1 trillion exports by 2024-25, then it needs to address the issues of T&C Industry, like higher prices of fibres in India, enable Direct Benefit Transfer (DBT) scheme (MSP Vs Market Price difference) to cotton farmers, remove anti-dumping duty on MMF raw materials, increase BCD on MMF Yarn and many other reforms. There is an urgent need to include entire textile value chain, including cotton yarn and fabric under ROSCTL Scheme on par with Garments and Made-ups.

In addition, the State Governments may avoid providing incentives for setting up of new spinning mills for the next 3 years as it drives existing ones into Bankruptcy/NPAs due to excess capacity. Special restructuring/moratorium be allowed for spinning loans to ensure they don't slip into NPAs due to the unfavourable environment.

Government also needs to simplify ATUFS guidelines and clear all the pending TUF subsidies in a time bound manner. Time bound subsidy clearances have to be ensured as owing to variety of reasons thousands of crores of subsidy is pending from a long time which has made many units unviable and sick.

There is a greater need to tweak the FTA rules under SAFTA and enforce Rules of Origin and Yarn/Fabric Forward Rule to safeguard the interest of Indian Textile Industry. At present Bangladesh is importing fabrics from China and routing it to India through its garments which has zero import duty after implementation of GST.

We hope that the immediate policy reforms on the above suggestions would help the T&C Industry to a great extent to come back to a higher growth trajectory. Indian Textile Industry possess all the potential and skill to become a super-power in Textile and Apparel trade and is second to none in terms of technological advancement and quality of the products. The Industry is not looking for any incentives or subsidies, it just needs a level playing field.

Indian T&C is the second largest employment generator of the Indian economy which is largely dominated by SMEs and employ mostly people from the poorer sections of the society especially illiterate women. The growth of T&C industry is very important for the inclusive growth of the nation and especially of our growing women workforce. However, Indian T&C industry needs the support of the Government through policy reforms which can make it competitive and productive. These policy reforms will also enable India to grab the opportunities created by the US-China trade war, increase our T&C exports and generate more employment in the country.

Dr S Sunanda
Secretary General - CITI

INDIAN TEXTILE & APPAREL INDUSTRY
FARM TO FASHION

Mr. Sanjay K. Jain
Chairman, CITI

Introduction

India's Textile & Apparel (T&A) industry is one of oldest industries and has a formidable presence in the national economy. It contributed to about 11.4% towards India's total exports and had a share of about 27% in India's foreign exchange inflow during 2018-19. With over 10 crore people involved, it is the 2nd largest employer after agriculture. Indian T&A industry is the second largest in the world after China and spans across the entire value chain with a highly diversified range of segments like traditional handloom, handicrafts, wool, silk products to the organized textile industry comprising spinning, weaving, processing, apparel and garments.

Government of India has set an ambitious vision of US$ 350 bn for T&A industry. To achieve this, the sector needs substantial policy support from the Government. For the development of textile Industry, Government has introduced many measures like TUFS, SITP and numerous schemes including skill development schemes like SAMARTH. Despite having a strong production base with wide range of fibers and yarns, India's T&A industry is not growing at the rate at which it should be.

The Indian Textile Industry is at present facing numerous challenges which are restricting the overall growth potential of the industry and without resolving these issues, it seems highly difficult to achieve the growth momentum, are as follows:-

- Higher fibre prices of cotton and MMF;
- Higher interest rates on loans;
- High power tariffs resulting in increasing production cost;
- Liquidity crunch due to low exports and slowdown in domestic market;
- Non-refund of embedded taxes for yarn and fabric making our products internationally uncompetitive;
- Blockage of huge refunds under GST;
- Pending cases of TUF subsidies;
- Factors quoted above are resulting into growing NPAs and closure of spinning mills, etc.

All these infirmities have restricted the overall growth of the T&A Industry which is being clearly reflected in our exports of T&A products during the month of July 2019 and overall decline during the last 4-5 years. Similarly, India's imports of T&A products is also rising multi-folds since last 2 years especially after the introduction of GST on 1st July 2017 which has caused further challenges for the domestic textile industry for its sustainable growth.

This article focuses on the sector wise performance of Indian T&A industry highlighting the key issues and recommendations for each sector, major T&A clusters in India and segment wise strength & weakness.

1. Overview of India's Textile & Clothing Sector

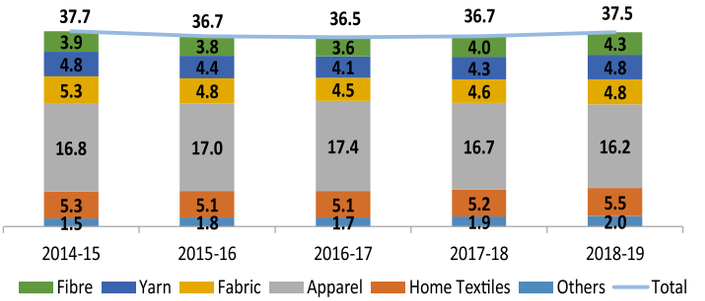
India's T&A market is currently estimated at about US$ 150 bn. In terms of ranking, India is ranked 3rd in textile exports with 6% share and 6th in apparel export with 3.3% share in 2018. Overall, India has slipped to 5th position with 4.4% share of global exports in 2018 compared to 2nd position in 2017.

India's textile and apparel exports were US$ 37.5 billion in 2018-19. Apparel has always been the largest exported category from India as shown in Figure 1. During 2018-19, apparel exports had a share of 43% in total T&A exports. Home Textiles with about 15% share was the 2nd largest exported category from India.

European Union continues to remain the biggest market for Indian T&A products. In 2018-19, EU-28 had a share of 25% followed by USA with a share of 22% in India's total textile & clothing exports

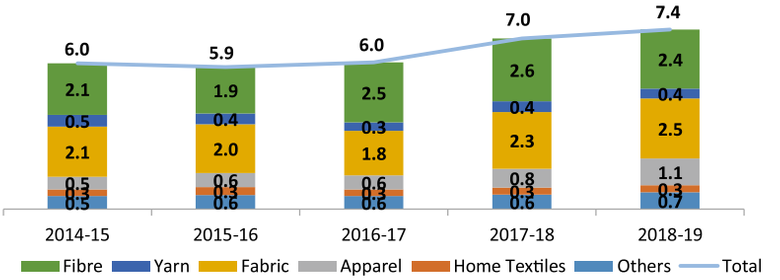
On the other hand, India's imports of textile & apparel products have grown at a CAGR of 5% over the last five years to reach US$ 7.4 billion in 2018-19 as shown in Figure 2. Fabric was the largest imported category in India with a share of 33% in the total T&A imports

Figure 1 : India's Export of Textile & Apparel (in US$ Bn.)



Source: DGCIS

Figure 2 : India's Import of Textile & Apparel (US$ bn)



Source: DGCIS

during 2018-19. China & HK continues to remain the biggest supplier of textiles and apparel products to India. During 2018-19, China & HK had the largest share of 41% followed by Bangladesh and USA with share of 8% and 7% respectively.

2. India's Segment Wise Strength & Weakness

India is competitive in manufacturing of conventional commodity products both in terms of cost as well as quality but lacks competitiveness in functional, specialty products. Segment wise Strength & Weakness is shown in table 1.

Table 1 : Segment wise Strength & Weakness on India's T&A sector

	Strength	Weakness
Spun Yarn	Cotton & Cotton Blended Yarn	Viscose Yarn, Blended Yarn, Spandex Yarn and Specialty Yarn
Filament	Polyester Texturized Yarn and Partially Oriented Yarn	Nylon, High Tenacity Yarn, Functional Filament Yarn
Fabric	Woven – Cotton & Blended	Laminated & Coated Fabric, Knits & Non Wovens
Apparel	Women's Suits & Dresses, Men's Shirts, Babies' Cotton Garments and T-shirts	Intimate Wear, Sportswear, Outerwear & Winter Wear and Western suits,

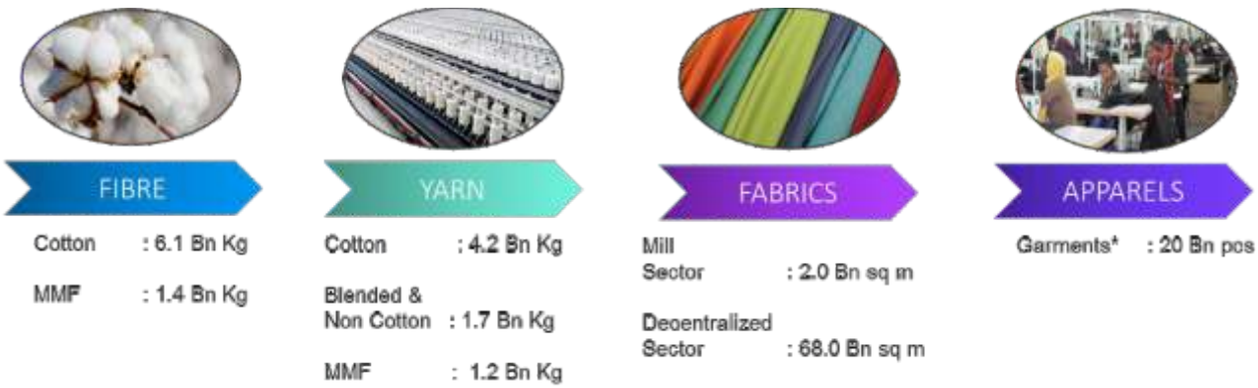
1. Segment Wise Performance

India textile & apparel industry is self-sustained with a massive raw material availability and modernized manufacturing bases. It has ample manufacturing capacities across the entire value chain to meet its domestic and export demand. A glimpse of India's T&A production across the different segment is shown in Figure 3.

ha. Together, these three states account for 70% of the total cotton acreage in the country.

In terms of production, Gujarat is the largest cotton producing state followed by Maharashtra and Telangana as shown in Table 3. Together, these three states account for about 63% of the total cotton production in India.

Figure 3 : Segment Wise Production Capacities in India



Source: Office of Textile Commissioner
**Production Capacity for 2017-18*

3.1. Fibre

3.1.1. Cotton

The cotton sector is considered to be one of the most developed sectors in the Indian textile & apparel industry. India has the highest area under cotton cultivation and is the largest producer of cotton in the world followed by China. In 2018-19, India produced about 6,137 mn kg of cotton accounting to about 24% of global cotton production as shown in Table 2.

Within the country, Maharashtra has the highest area under cotton cultivation, at 41.19 lakh ha, followed by Gujarat at 27.09 lakh ha and Telangana at 17.94 lakh

Cotton balance sheet as drawn by Cotton Advisory Board, shows that the total demand of cotton in 2018-19 has almost remained similar to last year. However, due to lower production the closing stock of cotton reduced by almost 6 lakh bales compared to 2017-18 as shown in Table 4:

During 2018-19, 423 lakh bales were available for consumption, of which about 75% bales were consumed domestically while about 15% were exported. Remaining 10% of bales accounting to about 41 lakh bales were kept as buffer stock.

Table 2 : Global Production of Cotton (million kg)

Country	FY 07	FY 08	FY 09	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19
China	7,729	8,056	7,991	6,967	6,641	7,403	7,620	7,131	6,532	4,790	4,953	5,987	6,042
India	4,760	5,219	4,930	5,185	5,763	6,239	6,290	6,766	6,562	5,644	5,865	6,290	6,137
Pakistan	2,155	1,938	1,859	2,012	1,881	2,308	2,025	2,068	2,308	1,524	1,676	1,785	1,676
World	26,552	26,338	23,365	22,258	25,342	27,736	26,960	26,231	25,906	20,935	23,227	26,951	25,881

*Source: USDA Reports of June 2019, August 2015, August 2012, August 2009, *Cotton Advisory Board, India*

Table 3 : State wise Area under cultivation, Production and Yield of cotton for 2018-19

State	Area (Lakh Hectare)	Yield (Kg/Hectare)	Production (Lakh Bales)	Percentage Share
Gujarat	27.09	577	92	25%
Maharashtra	41.19	334	81	22%
Telangana	17.94	502	53	15%
Haryana	6.65	690	27	7%
Madhya Pradesh	6.97	585	24	7%
Rajasthan	4.96	754	22	6%
Andhra Pradesh	5.51	617	20	6%
Karnataka	5.75	532	18	5%
Punjab	2.84	688	11.5	3%
Tamil Nadu	1.4	729	6	2%
Orissa	1.58	484	4.5	1%
Others	0.5	680	2	1%
Total	122.38	501	361	100%

Source: Cotton Corporation of India

Table 4 : Cotton Balance Sheet of India (Lakh bales)

Particular	FY 10	FY 11	FY 12	FY 13	FY 14	FY 15	FY 16	FY 17	FY 18 (P)	FY 19 (P)
Opening Stock	71.5	40.5	45.8	40.0	40.0	33.0	66.0	36.4	43.8	47.1
Production	305	339	367	370	398	386	332	345	370	361
Imports	6.0	2.4	7.5	14.6	11.5	14.4	22.8	30.9	15.8	15.0
Total Supply	382.5	381.9	420.3	424.6	449.5	433.4	420.8	412.4	429.6	423.1
Consumption	259.0	259.6	250.7	283.2	299.6	309.4	315.3	310.4	314.6	317.0
Exports	83.0	76.5	129.6	101.4	117.0	57.7	69.1	58.2	67.8	65.0
Total Demand	342.0	336.1	380.3	384.6	416.5	367.2	384.4	368.6	382.4	382.0
Closing Stock	40.5	45.8	40.0	40.0	33.0	66.2	36.4	43.8	47.1	41.1

Source: Cotton Advisory Board, India

Table 5 : Country Wise Cotton Yield

Country	Yield (Kgs/hectare)
India	497.92
China	1726.26
USA	968.28
Pakistan	719.44
Brazil	1,747.27
Australia	1,741.81
World	776.36

Source: USDA

Key Issues

- Cotton yield in India is much lower than major cotton producing nations like China and USA as shown in table 5
- High level of contamination in cotton
- High moisture content in seed cotton
- No bale tagging system - cotton statistics are not updated timely

Recommendations

- Technology Mission on Cotton (TMC) II Needs to be Urgently Introduced
- CCI Should Introduce a Mission to Make Indian Cotton Contamination Free
- There should be an active industry representation present on CCI Board
- Hike Import Duty on Edible oils and Promote Cotton Oil Consumption
- There is a dire need to liberalize the cotton seed research sector to increase yield of cotton in India
- Need of Cotton Price Stabilization Fund Scheme with 5% interest subvention for the cotton procured and stored during peak season
- Need to Launch of a Global Cotton Contract on MCX
- Government may consider any of the following methods/suggestions for the immediate revival of the cotton spinning industry
    - Cotton Auctioning by CCI at Market Prices
    - Direct Benefit Transfer (DBT) System to Cotton Farmers

3.1.2. Man Made Fibre

Demand for man-made textiles have been growing worldwide as a substitute for cotton amid changes in global fashion trends. Currently MMF dominates the global textile fibre consumption. India's manmade fibre industry is vibrant and growing. Today, India has the capacity to produce almost all the types of synthetic fibres, be it polyester, viscose, nylon or acrylic. In the last few years, India has made heavy investments in setting-up world class manufacturing plants across the different Indian states. Besides this, continuous innovation, untiring entrepreneurship, new product mix and strategic market expansion is going to help India to take center stage in the global arena in coming days.

Today, India is the 2nd largest producer of man-made fibres in the world with presence of large plants having state-of-the art technology. In 2018-19, India produced 1,443 million kg of man-made fibres which is 9% higher compared to 2017-18 as shown in Table 4.

To achieve the vision of Government of India for a US$ 350 billion textile & apparel industry by 2024-25, fibre base needs to be doubled. With implied limitations on growing cotton, the future of textile & apparel sector depends a lot on growth of MMF.

Production of man-made fibre have increased by 9% comparing to last year. Imports of man-made fibres have increased by 15% during 2018-19 compared to last year to reach 226 million kg, while export stood at 370 million kg during the same time frame which shows a negative growth. Further analysis shows that there is 15% increase in consumption and stock of man-made fibre during 2018-19 compared to 2017-18 as shown in table 6

Table 6 : Production, Imports and Export of Man Made Fibre (million Kg)

Particular	2015-16	2016-17	2017-18	2018-19	% Change
Production	1,347	1,364	1,319	1,443	9%
Imports	217	213	195	226	15%
Total Available	1,564	1,577	1,514	1,669	10%
Exports	381	412	383	370	-3%
Consumed (including stocks)	1,183	1,164	1,132	1,298	15%

Source: Office of Textile Commissioner

Table 7 : Fibre Consumption Trend – Global

Year	Total Fibre Consumption	Consumption (Mn Kg)			Consumption Share		
		Cotton	Polyester	Others	Cotton	Polyester	Others
2000	52,485	19,970	19,166	13,349	38%	37%	25%
2005	62,997	22,327	26,640	14,031	35%	42%	22%
2010	75,615	24,962	37,028	13,625	33%	49%	18%
2015	87,877	24,055	48,030	15,792	27%	55%	18%
2017	92,747	24,499	51,974	16,274	26%	56%	18%
2040(P)	1,37,334	30,941	87,284	19,109	23%	64%	14%

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Map not to scale. Map is a generalized illustration only, and is not intended to be used for reference purposes.

In this present scenario, the US$ 350 billion target set for the Textile Industry as against the present size of US$ 150 billion can only be achieved with the support and cooperation of all the stakeholders in the textile value chain especially MMF Segment as the cotton fibre cannot be grown beyond an extent. The fibre consumption trend showing increasing dependence on MMFs both globally and Indian as shown in table 7 (Global) and table 8 (Indian)

Table 8 : Fibre Consumption Trend – India

Year	Total Fibre Consumption	Consumption (Mn Kg)			Consumption Share		
		Cotton	Polyester	Others	Cotton	Polyester	Others
2005	6,191	3,589	1,919	683	58%	31%	11%
2010	7,767	4,367	2,718	682	56%	35%	9%
2015	10,191	5,506	3,873	812	54%	38%	8%
2020	12,128	6,273	4,972	883	52%	41%	7%
2030	16,899	6,811	8,787	1,300	40%	52%	8%
2040	22,247	7,393	13,126	1,728	33%	59%	8%

Source: PCI Fibres

Key Issues

- Unavailability of raw material to the domestic manufacturers
- Huge blockage of fund due to inverted GST duty structure
- Anti-dumping duties on the raw materials make the products uncompetitive in the international market

Recommendations

- Reduction of GST from 18% to 12% on MMF raw materials
- Announce National Fibre Policy to ensure win-win strategy for all the stakeholders
- Remove Anti-Dumping Duty on raw materials of synthetic fibres like PTA and VSF
- Any enhancement to the existing BCD on the MMF upstream segments of the value chain may not be considered.
- Inverted GST duty structure needs to be corrected as huge blockage of funds is happening and refunds are very difficult as well as time consuming due to non-allowance of service GST adjustment against output liability.
- There is a need for mission mode approach for promoting MMF sector, as without its growth, textile industry cannot achieve US$ 350 billion export target by 2024-25.

3.2. Yarn

3.2.1. Man Made Filament Yarn

Production of man-made filament yarn has reduced by about 3% in 2018-19 compared to 2017-18. As per the data released by office of textile commissioner, India produced about 1,155 million kg yarn in 2018-19 as shown in Table 9.

Table 9 : Production, Imports and Exports of Man-Made Filament Yarn (million

Particular	2015-16	2016-17	2017-18	2018-19 (P)	% Change
Production	1,164	1,159	1,187	1,155	-3%
Imports	154	176	178	183	3%
Total Available	1,318	1,335	1,365	1,338	-2%
Exports	658	765	741	722	-3%
Consumed (including stocks)	661	570	624	616	-1%

Source: Office of Textile Commissioner

Imports of man-made filament yarn have increased by 3% during 2018-19 as compared to last year to reach 183 million kg, while export stood at 722 million kg during the same time frame which also shows a negative growth. Further analysis shows that there is decline of 1% in consumption and stock of man-made filament yarn during 2018-19 compared to 2017-18.

Key Issue:

- MMF Yarn exports attracts about 5-6% of embedded taxes, which are not refunded to the exporters at any stage.
- Increasing import of MMF yarn is affecting the domestic production. After GST implementation, landed price of imported yarn has become lower as compared to pre-GST scenario due to abolition of CVD.

Recommendations

- Extend ROSCTL to MMF Yarn as given to garments & made-ups sectors
- Increase import duty on MMF spun yarn from 5% to 10%
- Extend uniform GST rate of 5 % for MMF products - Fibre, Yarn and Fabric. (There would be no revenue loss, as Fabric is at 5% and all inverted duty is refundable. This would eliminate accumulation of ITC.
- Implement Fibre Neutrality Policy

3.2.2. Spun Yarn

Analysis of India's production of spun yarn shows that its production has increased by 3% to reach 5,864 in 2018-19 compared to 5,680 million kg. in 2017-18. With about 71% share, cotton yarn dominates the spun yarn production, which has also increased by 3% during the same time frame to reach 4,184 million kg. in 2018-19 as shown in Table 10.

Indian Cotton Spinning Sector is world class, fairly modernized and produces finest quality yarns. It is also the leading producers of cotton yarn in the world. However, this sector has been pushed to a non-performing sector in the last 4-5 years due to serious external and policy issues. India's Cotton Yarn exports increased by 182% from 2009-10 to 2013-14. However, it has declined significantly by 14% from 2013-14 to 2018-19, as shown in figure 4.

Key Issues

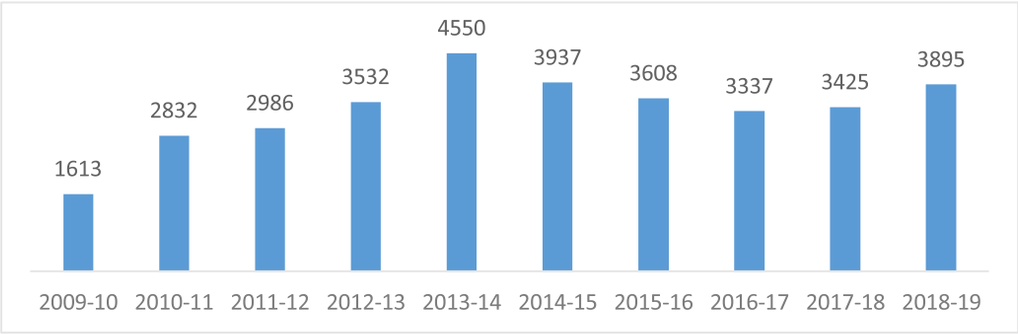
- Cotton Yarn has been completely ignored after 2014.
- China, the major market for Indian cotton yarn exports now source cotton yarn from Vietnam. Its overall share has increased by 139% while India share has decreased by 37%, as shown in Table 11
- India's T&A trade gap with China, which is also a RCEP member, is widening year-on-year. It is mainly because India is losing its share of cotton yarn to Vietnam due to lower cost.
- Cotton Yarn exports attracts about 5% of embedded taxes which are not refunded to the exporters at any stage

Table 10 : Production of Spun Yarn (million Kg)

Particular	2015-16	2016-17	2017-18	2018-19 (P)	% Change
Cotton Yarn	4,138	4055	4,064	4,184	3%
Blended & Non-Cotton Yarn	1,527	1,604	1,616	1,680	4%
Total Spun Yarn	5,665	5,659	5,680	5,864	3%

Source: Office of Textile Commissioner

Figure 4 : India's export of cotton Yarn (US$ Mn)



Source: DGCIS

Table 11 : Cotton Yarn Imports by China (US$ Mn)

Supplier	2013	2014	2015	2016	2017	2018	% Change
India	2,033	1,640	1,868	1,047	1,071	1,273	-37%
Vietnam	900	1,263	1,422	1,668	2,029	2,146	139%

Source: DGCIS

- 8-millions spindles are lying unutilized as already there are no takers for 30% exportable surplus cotton yarn lying in mills' go-downs
- Spinning Industry consumes lot of power. Presently, the rate of power varies between Rs 4 to Rs 8 per unit in different states
- Prices of raw material (cotton fibre) is costlier than international prices due to MSP on Cotton as shown in Table 12
- Competing countries such as Vietnam, Indonesia, Pakistan and Cambodia enjoy duty free access in China in different segments of cotton textiles, while Indian products bear 3.5%, 10% and 14% duty on yarn, fabric and made-ups
- Suppressive sentiments have forced spinning mills to cut down production by 15-30%

Table 12 : Comparative Cotton Cost of Different Regions (USC/LBS)

Country	Oct-18	Dec-18	Mar-19	Jun-19	%
ICE	76	81	73	68	-23%
India	**80**	**86**	**81**	**88**	
W. Africa	87	92	84	79	-10%
USA	88	93	86	81	-8%
Brazil	88	92	85	80	-9%

** International Cotton Exchange Index*

- Indian cotton yarn is suffering from tariff differential duties in major markets. Competitors, especially LDCs have the advantage of preferential duties in major export markets like USA, EU and China as shown in Table 13
- USA-China trade war has slowed down the global demand of textile products

Recommendations:

- Extend ROSCTL to Cotton Yarn exports as given to Garment & Made-ups sector
- Interest rates should be made available to Textile Industry at international competitive prices, failing which 3% IES (Interest Equalization Scheme) needs to be given to Cotton Yarn exports

Table 13: Import duty on cotton yarn by countries on India and its competitors

Countries	EU	China	Turkey	S. Korea
India	4.0%	3.5%	5.0%	5.0%
Bangladesh	0.0%	3.5%	0.0%	0.0%
Cambodia	0.0%	0.0%	0.0%	0.0%
Pakistan	0.0%	3.5%	3.2%	8.0%
Turkey	0.0%	3.5%		
Vietnam	3.2%	0.0%	3.2%	0.0%
Indonesia	3.2%	0.0%	3.2%	0.0%

** International Cotton Exchange Index*

- As the Spinning Industry consumes lot of power, the same should be made available at international competitive prices for the spinning industry.
- Take up negotiations with China to give duty free access to Indian cotton textiles as it has been giving to the Vietnam, Pakistan, Indonesia and Cambodia under APTA or any other suitable forum. It will help textile industry reduce widening trade gap between India and China

3.3. Fabric

Fabric industry is highly critical for the overall growth of Textile & Apparel Sector. It is also highly job intensive. Out of the total jobs in the T&A industry, 18 million are from fabric manufacturing, which is the highest number. A large component of this industry as well as exports is from the power loom sector which is dominated by small and medium scale industries. Various studies conducted by the industry as well as the textile ministry show that fabric manufacturing creates 30-50 jobs for every crore invested in the sector.

Fabric Dyeing & Processing determines the strength of the textile value chain as it convert griege fabric into fashion fabric for ready-made garment exports and made-ups exports. It is a critical segment where India lags behind. In India, there are very few large composite units with world class technology and requisite skills to produce fabrics, which meet the approval of the international buying houses.

Indian fabric sector is not growing as it should be due to absence of certain policy reforms. In large T&A export countries like China, fabric accounts for ~20% of their exports while for India fabrics exports had a share of about 13% in total T&A exports during 2018-19. Production of fabric by India has increased by 5% in 2018-19 as compared to last year to reach 70,046 million sq. m. While the production of fabric by mill sector decreased by 7%, decentralized sector showed a growth of 5% during the same time period as shown in Table 14.

About 95% of the fabric produced by India is consumed domestically and remaining 5% is exported. Analysis of Export and Import of India's fabric is shown in Table 15 below

Table 14 : Production of Fabric (million sq. m)

Particular	2015-16	2016-17	2017-18	2018-19 (P)	% Change
Mill Sector	2,315	2,264	2,157	2,012	-7%
Decentralized Sector	62,269	61,216	64,688	68,034	5%
Total (Excluding Khadi, Wool & Silk)	64,584	63,480	66,845	70,046	5%

Source: Office of Textile Commissioner

Table 15: India's Export & Import of Fabrics (mn Kg and mn Sq. m)

Year	2015-2016	2016-2017	2017-2018	2018-2019	% Change
Export					
In mn Kg	83	95	110	128	16%
In mn sq. meter	3,364	3,310	3,411	3,842	13%
Import					
In mn Kg	122	139	204	192	-5%
In mn sq. meter	1,473	1,468	1,829	2,086	14%

Source: DGCIS

Key Issues

- Fabric Sector attracts 6.7% of non-refunded embedded taxes which do not get refunded to the exporters at any stage
- Indian fabric sector is suffering from tariff differential duties in major markets. Competitors, especially LDCs have the advantage of preferential duties in major export markets like USA, EU and China
- Big brands prefer quick supply chain solutions to meet its fashion demand in USA & Europe

- Fabric sector also accounts for a large segment of NPAs for Indian banks

Key Recommendations:

- Extend RoSCTL to Fabric exports as extended to Garments and Made-ups
- Treat Fabric at par with Made-ups for all the Policies
- Negotiate 0% import duty with China, equivalent to Vietnam, Pakistan and Indonesia.

3.4. Garments

India's garment sector is huge and provides employment to about 11.5 million people. For every Rs 1 lakh invested, apparel industry creates about 7 jobs. provide employment to about 15.6 million people by 2025.

Indian garment industry manufacturers over 100 different types of garments for men, women and children. During 2017-18, India's garment production stood at 20 bn pieces per annum which is likely to be almost similar for 2018-19 also. Exports accounts for about 20% of the total production while 80% of apparel manufactured is consumed domestically.

During 2018-19, apparel exports stood at about 4 bn. pieces. While apparel exports have increased by a CAGR of 2% since 2014-15, imports have increased exponentially by a CAGR of 43% during the same time period as shown in table 16. Increase in apparel imports is mainly from low cost manufacturing destinations like Bangladesh, Sri-Lanka etc.

Table 16 : Export-Import of Apparels from India (Million pieces)

	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	CAGR
Export	3,891	3,939	4,183	4,110	4,157	2%
Import	237	312	335	596	983	43%

Source: DGCIS

However, India's garment sector is highly fragmented and decentralized segment of the textile and clothing value chain. This industry covers about 1 lakh units, spread across different clusters in India. Garment manufacturing units can be viable at all size levels, particularly because of low cost of plant and machinery, the units range from small to large, due to which as high as 90% of the manufacturing units fall under the Small and Medium Enterprises (SME) category. These small units lack high level of productivity when compared to manufacturing systems applied in neighboring countries like Bangladesh, Indonesia and China. As per Office of Textile Commissioner, garment sector is likely to

Key Issues

- Apparel manufacturing is highly fragmented and unorganized and about 90% industry is in SME segment
- India's import of RMG grew by 43% and 82% during 201819/2017-18 from the Word and Bangladesh, respectively as shown in Table 17
- After GST there is no customs duty on import of RMG from Bangladesh and rising imports from Bangladesh would result in potential loss of jobs and crores of investment in the apparel sector

Table 17 : India's Import of RMG from World & Bangladesh (US$ Million)

Apparel Imports	2016-17	2017-18	2018-19	% Growth 2018-19/ 2017-18	% Growth 2018-19/ 2016-17
World	596	773	1,106	43%	86%
Bangladesh	140	201	365	82%	161%
Bangladesh's Share in Total Imports of India	24%	26%	33%		

Source: DGCIS

- Level of productivity is low as compared to other manufacturing destinations like China, Bangladesh and Vietnam
- Disadvantage of FTA vis-à-vis its competitors such as Vietnam, Bangladesh, Sri Lanka and Myanmar leading to low share of India in imports of apparel & made ups by leading markets/countries like EU-28, Australia and Canada.
- Exporters also face various logistic issues in the form of congestion and delay at the Bangladesh border, which delays consignments up to 15 days leading to LC expiry and danger of rejection of orders by the importers in Bangladesh
- Non-uniform GST rates on sale of apparel products is also affecting the sale, particularly for those having MRP greater than Rs 1,000 and attracting 12% GST

Key Recommendations

- Urgent need to negotiate FTAs with developed and large markets like EU, USA, Australia, Canada, Britain, etc. to ensure level playing against competitors like Bangladesh, Vietnam, Cambodia, Pakistan, Sri Lanka, etc.
- Impose of Rules of Origin and enforce Yarn / Fabric Forwarding Rule so that duty free imports of only those garments are allowed which are manufactured from yarn/fabric either sourced from India or manufactured in Bangladesh
- Government should also negotiate Reciprocal Duty Structure with Bangladesh as India zero duty market access to Bangladesh while Bangladesh imposes high duty rates on T&A exports from India
- To enhance the domestic demand of apparel, increase the threshold limit to Rs.1,500/- from the present level of Rs.1,000/- on sale of apparel bearing 5% GST
- WTO compliant export incentives are needed to replace MEIS to ensure exports remain competitive

3.5. Technical Textile

Unlike other textile sectors, Indian technical textile industry is an import intensive sector. Global demand for technical textiles has been continuously increasing owing to the rising base of applications of textiles across different industries like automotive, construction, healthcare, protective clothing, agriculture, sportswear, environmental protection etc. The technical textile industry is characterized by range and diversity of raw materials, processes, products and applications. World over, a lot of focus has been put towards developing high value-added technical textiles products characterized by huge R&D investments, strict standards and systems that eventually results in innovations and novel products. Europe and China are the giants of technical textile manufacturing, taking up more than 75% share of global production, while India accounts for only around 4% of the global technical textiles production and exports

Key Issues

- High dependency on imports for raw materials
- Lack of awareness of the benefits of technical textiles
- Absence of skilled workforce
- Lack of standardization
- R&D deficit leading to globally uncompetitive products

Key Recommendations

- Extend RoSCTL and Interest Equalisation Scheme (IES) for Technical Textiles sector as it has huge growth potential.
- Government should establish regulatory norms for mandatory usage of technical textile items in specific industries to increase consumption where benefits are established
- Attract foreign direct investment in order to get the requisite technical know-how and expertise – export incentives to investing companies that

establish manufacture of specialty Fibre as the external market will sustain viability of investment till domestic demand doesn't pick up

- Provide capital subsidy for establishing special Fibre manufacturing
- Waiver on customs duties for import of capital equipment
- Many high-performance fibres are not produced in India and are imported with high import duty. Such high import duty needs to be reduced to minimum level to make Technical Textiles products cost competitive

2. Major Textile & Apparel Cluster in India

Textile & Apparel manufacturing is spread across the different states in India. Apart from natural clusters, various new clusters have also developed by Government through developing various textile & apparel parks. Major T&A clusters are shown in figure 5:

WAY FORWARD

India already being one of the largest textile manufacturing countries after China holds enormous potential to convert itself into a textile manufacturing hub for the entire world. Increasing consumerism, changing demographics, increasing penetration of organized retail and disposable income on the rise make the future of Indian textile industry look promising. However, industry at present is also facing several other issues like un-supportive Government policies, tax structure, rising interest rates, increasing labor wages and lack of skilled manpower which are proving detrimental for the industry growth. On export front also, India's textile & apparel sector is facing high trade barriers compared to other competing countries like Bangladesh, Vietnam and Pakistan in key markets such as the USA and EU.

To achieve the Government's vison of US$ 350 bn. textile & apparel market, there is an urgent need for the quality, innovation, technology and lead time of the manufacturers to be aligned in a manner to bring growth and stability for the industry. Recently, China has shifted its focus from exports to domestic market, which has opened space for India to take up its share and strengthen its position in global textile chain. To do so, Indian T&A industry needs economies of scale in production. Countries ranging from China to Bangladesh have developed large production units whereas in India the textile sector is still dominated by smaller units which lack economies of scale. Thus, there is an immediate need for the support from both the Central and State Governments to facilitate rapid growth and modernization of existing firms to acquire the required production and efficiency.

The Indian textile sector is the biggest employer after agriculture employing 4.5 crore people directly and another 6-crore people in the allied sectors. The Apparel Sector plays a critical role in improving the social dynamics as mostly women are employed in the sector. Above all, the backward linkages of the Sector to the rural economy give huge opportunities to millions of farmers, artisans, handloom and handicraft manufacturers. The sector is perfectly aligned with Government's key initiatives viz., Make in India, Skill India, Women Empowerment and Rural Youth Employment.

To safeguard the interests of the Indian textile & clothing industry, it requires the following urgent policy interventions from the Government:-

- Loan repayment moratorium atleast for a period of one year to revive the textile industry from the current crises on a fast track mode to enable the industry to achieve its actual potential and advise Banks not to coerce companies by ad-hoc increase in interest rates without any reason;
- RoSCTL to the Yarn and Fabric Segments to help the textile Industry to boost up its export competitiveness in the international markets to

achieve higher growth trajectory and generate more employment opportunities to the masses, especially youths and women workforce;

- Interest rates should be made available to Textile Industry at international competitive prices, failing which 3% IES (Interest Equalization Scheme) needs to be given to Cotton Yarn exports;
- As the Spinning Industry consumes lot of power, the same should be made available at international competitive prices for the spinning industry;
- Take up negotiations with China to give duty free access to Indian cotton textiles as it has been giving to the Vietnam, Pakistan, Indonesia and Cambodia under APTA or any other suitable forum;
- Abundant raw materials should be available at internationally competitive prices;
- Increase import duty on MMF Spun Yarn from 5% to 10%;
- Extend uniform GST rate of 5 % for MMF products - Fibre, Yarn and Fabric. (There would be no revenue loss, as Fabric is at 5% and all inverted duty is refundable. This would eliminate accumulation of ITC;
- Urgent need to negotiate FTAs with developed and large markets like EU, USA, Australia, Canada, Britain, etc. to ensure level playing against competitors like Bangladesh, Vietnam, Cambodia, Pakistan, Sri Lanka, etc.;
- Impose of Rules of Origin and enforce Yarn / Fabric Forwarding Rule so that duty free imports of only those garments are allowed which are manufactured from yarn/fabric either sourced from India or manufactured in Bangladesh;
- WTO compliant export incentives are needed to replace MEIS to ensure exports remain competitive.

India has all the potential to become a super-power in Textile and Apparel and is second to none in terms of technological advancement and quality of the products, however, it requires the Government support through policy reforms to make it not only globally competitive but an **Epicentre – Make In India –** for sourcing textile products, which is also one of the biggest dreams of our Hon'ble Prime Minister.

TARIFF THREATS STAND IN THE WAY OF APPAREL SUPPLY CHAIN INVESTMENTS

Mr. Han Bekke
President, International Apparel Federation

The American Apparel and Footwear Association (AAFA) has calculated that 77% of US imports of apparel, footwear and home textiles from China appear on the Trump administration's list of products that will face an additional tariff of 15% starting September 1st. The rest of the apparel, footwear and home textile products will follow on December 15th. The 15% duty resulted from Trump's very recent reaction to a new Chinese announcement of retaliatory tariffs; they had originally been set at 10%. The Trump administration's claim that, at least for apparel, the tariff increase would be mostly postponed beyond the shopping holiday season seem untrue as demonstrated by AAFA's calculation.

One might argue that recent comments from President Trump made at the G7 meeting in Biarritz, France hint at a possible return to the negotiating table and possible a retraction from Chinese and US side of the increased tariffs before September 1st. Theoretically this is possible, but the fact that so few days before such a major tariff hike this is still uncertain only underlines the fact that the tariffs don't even have to be actually imposed to do damage. The IAF clearly sees that the threat of the tariffs is already doing damage to the supply chain.

The market has clearly been shown that the tariff threats are real. They have also seen that their understanding of the rule based international trading framework is not a good guideline to follow to predict the possible imposition of tariffs. The current US tariffs are based on the US 'Section 301' procedures, to be precise Sections 301 through 310 of the Trade Act of 1974. Previous administrations sometimes began Section 301 investigations, but then brought the issues at hand to the WTO for dispute resolution. After 2010, the US Trade Representative brought all trade disputes involving WTO members directly to the WTO. The Trump administration, however, did away with the role of the WTO, using Article 301 directly and creating a new and therefore uncertain situation for companies.

The tariffs the US threatened to impose on Mexico a few months ago, although not carried out, showed that tariffs may also be increased based even on non-trade related arguments (in this case Mexico's actions on helping to curb immigration into the US).

The International Apparel Federation (IAF) is a non-political organization representing the global apparel industry and does by definition not comment on bilateral trade matters. However, in this case the

ramifications of this trade political sabre rattling have the potential to hurt the entire industry across the globe.

First of all, the level of the tariff raise is unprecedented and of course a real tariff increase or simply even the real threat of it hanging over the market is having immediate effects on the supply chain. Pre negotiated vendor concessions will most likely absorb most of the 15% tariffs. This means that, even without the tariffs in place, Chinese manufacturers are already having to swallow the brunt of the negative effect of the tariffs. In the hypercompetitive market of the US, retailers will try to avoid raising prices as long as possible. In a Just Style article, Macy's CEO Jeff Gennette recently said that only beyond 25% punitive tariffs would a price increase on the retail floor be unavoidable.

The pain of the tariffs is of course spread unevenly across the landscape of Chinese manufacturers. Some Chinese manufacturers had already started to move production out of China, mostly to Vietnam and to other Southeast Asian countries. The Chinese government is also supporting its exporters by lowering certain government taxes. But obviously, the introduction of 15% extra costs is sure to hurt some manufacturers.

And certainly there are also manufacturers and countries that are benefitting from the tariff threat looming over the market. Obviously, buying brands and retailers have started to shift production from China to countries such as Vietnam and Bangladesh and also to India and Indonesia and to countries closer to the US.

But in addition to the short term effects, when a country with such a huge market as the US takes or threatens to take such extreme trade policy actions it creates complex shock waves, urging apparel importers to tread more carefully when making sourcing decisions. It goes beyond obviously hurting Chinese and Mexican factories that have invested in raising the productivity by automation and organisational improvements.

The continuous threat of US tariffs hanging above the market would potentially be pushing the whole industry away from 'improving production' and back towards 'moving production'. It is creating incentives to be a footloose industry rather than an industry which invests in people and in innovation. It is creating uncertainty in the world of apparel sourcing where stability is what is needed. In the words of an IAF Board Member, it pushes the industry in a 'Jurassic' direction.

Representing the interests of apparel brands, retailers and manufacturers, the IAF's mission is to unite all stakeholders of the fashion and apparel industry to create smarter, stronger and more sustainable supply chains. With a membership spanning all continents, IAF members' collaboration is the embodiment of the industry's belief that collaboration between brands and retailers and manufacturers is a cornerstone for business improvement. Following this it is the cornerstone for a reduction of environmental pressure and an improvement of working conditions. Collaboration hinges on stable and longer business relations, especially where investments are concerned. The industry has been taking strong and positive steps in the direction of investments in supply chain improvements. It would be very unfortunate if (trade) policy disputes in which the apparel industry is not directly involved at all would frustrate these positive developments.

There has always been a double sided relationship between the apparel industry and trade policy. Relatively high tariffs on apparel make tariff preferences very powerful instruments and numerous countries have been able to build an apparel industry partly based on tariff advantages. On the other hand, importers always have to find ways to deal with the risk of losing preferences unexpectedly. But, it is the current combination of the magnitude of the tariffs, the sheer scale of the trade they affect and the divergence from the rules of the international trade game that is so extraordinary and now potentially affecting the entire industry.

It is unavoidable that the threat, let alone the putting into place of additional US tariffs vis a vis the largest garment manufacturing countries will have negative effects on the global and complex apparel supply chains. We hope that the industry's positive move towards greater investments in its supply chains will prevail, spurred on by fast developing enabling technologies. But it is a harsh reality that one of the largest industries on the planet might find itself facing 'collateral damage' in the form of headwinds against investments in people and planet.

INDIAN SPINNING INDUSTRY

CHALLENGES AND WAY FORWARD

Mr. S.K. Khandelia
President & CEO, Sutlej Textiles and Industries Ltd.

Indian spinning industry is world class. It has installed capacity of about 52 Million spindles producing about 5800 Million kgs and out of which about 1500 million kgs valueing about US$ 4800 Million is exported. It is providing employment to millions of people directly and indirectly.

Indian spinning sector which was once considered as the sun-shine sector of the Indian Textile and Clothing industry (T&C) is in dire straits and is facing a crisis not seen in the past one decade. It has now been pushed to a non-performing sector. Spinning mills are caught in a web of heavy fall in exports of yarn and subdued demand in domestic market. During April-June period of this fiscal, export of cotton yarn fell by 34.6% to $696 Million as compared to $1063 Million in the same period last year.

Export of Cotton Yarn - Value in (April - June)

EXPORT OF COTTON YARN - VALUE			
	2018	2019	% Change
Month	Million US $	Million US $	2019 / 2018
April	337	266	-21.0%
May	349	241	-30.8%
June	378	188	-50.1%
(April - June)	1063	696	-34.6%

Source : DGCI&S

triggering huge job losses. Mills are incurring heavy financial losses.

Industry is struggling due to costly domestic raw-materials, excess spinning capacity coupled with uncompetitiveness, cheaper imports of yarns and garments, inverted duty structure in Man Made Fibre textile value chain, very exorbitant power cost due to cross subsidization, high interest rates etc.

Most of the reasons are external and policy related as briefly mentioned hereunder:

High raw-material cost:

Raw-material is the major cost in production of any type of yarn. Major raw-materials are cotton and Man Made Fibres viz., Polyester Staple Fibre, Viscose Staple Fibre, Acrylic Staple Fibre etc.

(a) Cotton: At the root of problem is high cotton price. Indian cotton is almost 20% costlier than international cotton. International cotton price has plunged 28.3% in past one year. In contrast, domestic prices have been firm during the period on the back of increase of 28% in Minimum Support Price (MSP) of Seed Cotton (Kapas).

(b) Man Made Fibres: Domestic prices of major man made fibres, viz., Polyester Staple Fibre and Viscose Staple Fibre are fixed based on the landed cost of imported fibre. Accordingly, custom duty, anti-dumping duty, ocean freight and all such other expenses are included in domestic price, making them much more costlier than international rates. This has resulted in ever increasing import of Polyester yarn, Viscose yarn etc., adversely impacting spinning mills in India.

Due to costly raw-materials, Indian Textiles and Clothing products have become uncompetitive in international markets.

Non-refund of State & Central taxes and levies on exports:

The government has not extended Rebate of State and Central Taxes and Levies (RoSCTL) scheme to yarn which at present is available on export of garments and made-ups and thus increasing the cost for export of yarn and eroding the competitiveness in overseas markets.

RoSCTL allows reimbursement of duties and taxes included in various inputs and other costs of manufacturing such as agricultural tax, Mandi tax, electricity duty, surcharges and such other charges which are not covered under GST and which works out to about 5% of the total production cost of yarn. Since these taxes are not refunded to the exporters at any stage, these are getting exported against general policy / worldwide of not exporting any taxes and duties.

Non-availability of MEIS (Merchandize Export from India Scheme)

The government introduced the scheme in 2014-15. However, it did not include any type of spun yarn except very few specific yarns.

Incentives for new spinning mills despite existing excess capacity:

Many state governments are providing very attractive incentives for setting up of new spinning units in their states to attract investment despite the fact that there is already heavy excess capacity. It is creating problems for the existing units to compete with them in domestic as well as in export markets and further driving the existing ones into bankruptcy / NPA.

Inverted Duty Structure in MMF textile value chain:

At present MMF attracts GST at the rate of 18%, yarn made out of that 12% and fabrics at the rate of 5%. Though refund is allowed on inputs due to inverted duty structure but it is very cumbersome, time taking and results in blockade of funds. Besides, the inverted duty structure in case of MMF textiles has led to Tax paid on capital goods, services and certain inputs becoming cost in the hands of the MMF textile tax payer. These taxes are not considered for calculation of input tax credit refunds. This has made MMF textiles costlier to the extent of such non-refunded taxes.

Cheaper imports:

Cheaper import of man-made fibre based yarn is continuously increasing due to much higher cost of Polyester Staple Fibre, Viscose Staple Fibre etc., in domestic market compared to international rates.

Cheaper import of garments from Bangladesh and Sri Lanka is increasing because of lower cost of their raw-materials and other cost components. Apparel imports from Bangladesh in April-June 2019 has grown by 40.47% over the corresponding period. There is concern over growing cheap imports from third countries through Bangladesh. It is alleged that 30% local value addition norm is being abused for import from third countries and routed via Bangladesh to take advantage of zero import duty.

Benefit of Free Trade Agreements to our competing countries:

Our competing countries such as Vietnam, Indonesia, Pakistan and Cambodia enjoy duty free access in China in different segments of cotton textiles, while Indian products bear 3.5%, 10% and 14% duty on yarn, fabric and made-ups respectively. China is the biggest

market for exports of cotton yarn from India but in recent months exports have fallen significantly.

Our garments are subject to duties whereas garments from Bangladesh, Sri Lanka and Cambodia has not to suffer any duty in European Union which is our main destination for garment exports.

Until and unless garment exports are increased, demand of yarn will not increase. A look at the last year's apparel export figures is chastening. China exported US$ 145 Billion, Bangladesh US$ 36 Billion, Vietnam US$ 33 Billion and India a mere US$ 17 Billion. India is far behind China and steadily losing to smaller countries.

Subdued domestic market due to stagnant exports of Textile & Clothing:

Yarn is an intermediate product and therefore depends upon the growth in consumption in downstream value chain like fabrics and garments and which has been very low. Indian textile and clothing export is stagnant since last many years which was US$ 37.50 Billion in 2018-19 against US$ 37.65 in FY 2014-15.

High power cost:

Power cost is one of the major cost for spinning mills as spinning mills are power intensive. The same works out to about 13% of total production cost. In most of the states, power rates are very high due to cross subsidization by industries for lower rates of power to agriculture sector, household sector and such other priority sectors.

Besides, State Governments have made open access prohibitive by levying very heavy cross subsidy surcharge and additional surcharge on open access power. On top of these, heavy electricity duty has been levied by State governments.

Excessive dependency on cotton spinning:

Most of the spinning mills in India are cotton based and only about 15% production is of 100% non-cotton yarn. The world trade has a share of more than 70% of synthetic textiles and clothing and is increasing year after year. Whereas in India, share of synthetic textile and clothing is only 28-30%. This is also one of the reasons of stagnant exports of textiles and clothing from India.

High interest cost:

Spinning is a capital intensive industry and in India interest rate in general and for spinning mills in particular is very high as compared to other countries, making our products non-competitive in overseas markets.

Cash crunch:

Spinning mills are facing cash crunch due to delay in getting various subsidies and refunds like TUFS subsidy, refund of GST on inputs due to inverted duty structure, resulting in blockade of funds. The total pending payments for Technology Upgradation Scheme is almost Rs.10,000 crore. The Government has revised the guidelines and payments are made only after joint inspection.

WAY FORWARD

Yarn exports:

It is necessary to make exports of yarn competitive in overseas markets to utilize excess spinning capacity which is putting pressure on domestic prices also and is increasing inventories and blocking funds. To achieve the goal of increased yarn exports, following policy initiatives are required:

(a) All types of raw-materials should be made available to the domestic industry at international rates. There should be zero custom duty and no anti-dumping duty should be there on any Man Made Fibre. By this measure, the import of unwanted MMF yarn like Viscose yarn, Polyester yarn etc., will stop. Besides Indian spinning industry which is cotton dominated at present will be able to diversify to synthetics as the same will become competitive in domestic as well as in export markets. Such diversion will ease pressure on cotton yarn also. Besides India will be able to export garments for all four seasons and garment factories will be able to run to their full capacity throughout the year as globally cotton dominates spring and summer sales season and synthetics and blends dominate autumn and winter season. India will also be able to export sportswear, fashion-wear and such other garments which are synthetic based.

(b) To enable the spinning mills to get their cotton requirement at international competitive prices, determined by market forces of demand and supply, the government should pay the difference of MSP and market price of seed cotton (Kapas) to farmers by direct bank transfer (DBT). CCI and NAFED buying seed cotton (Kapas) at MSP results in distortion of market prices of ginned cotton and makes raw-material expensive than global prices.

© Scheme of rebate of State and Central taxes and levies (RoSCTL) at 5% should be extended to all

types of spun yarn, i.e., cotton yarn, blended yarn and 100% non-cotton yarn. RoSCTL scheme is compliant with the World Trade Organization (WTO) norms and can be immediately implemented.

RoSCTL will not only help stoppage of taxes getting exported but will also make our products more competitive in the export markets and allow us to have more penetration and flexibility in negotiating prices with foreign buyers.

Exemption from cross subsidy surcharge and additional surcharge on Open Access:

Exempt textile industry from cross subsidy surcharge and additional surcharge on open access to facilitate it to take advantage of open access power and to reduce power cost. Power tariff should be fixed on the basis of load factor (cost to serve formula) and without including impact of cross subsidization of power supply to agricultural, household etc.,

Removal of inverted duty structure and to have fibre neutral duty structure:

The entire textile value chain, starting from fibre to garments and for all type of fibres and blends thereof, should have the same rate of GST to avoid unnecessary complications and blockade of funds at different stages. This will also remove unnecessary hassles and complications of getting refund on account of inverted duty structure.

Since refund is allowed for inverted duty, there will not be any loss of revenue to the Government if the same rate of GST is applied to the entire textile value chain, starting from fibre to garments and made-ups.

There should be fibre neutral duty structure and accordingly all types of textiles and clothing should have same rate of GST irrespective of use of cotton or man made fibre or blends thereof. Almost all countries in the world have fibre neutral duty structure.

Grant of MEIS benefit:

All types of spun yarn, whether cotton or blended or 100% non-cotton yarns, should be granted 2% incentive under MEIS or under any other scheme which may replace MEIS going forward.

Refund of accumulated GST on Plant & Machinery and services due to inverted duty structure:

Spinning Mills have not been able to utilize GST paid on purchase of plant and machinery and on services due to inverted duty structure. Such accumulated GST should be refunded to spinning units to ease their financial tightness due to blockade of funds on this account.

Negotiation of Free Trade Agreements:

Negotiation of Free Trade Agreements or specific Duty Free Access Agreements for Indian Textiles and clothing should be expedited to get level playing field with competing countries for our exports of such products.

Discouraging new spinning capacity for 3 years and encouraging modernization of existing capacity:

State Governments should stop providing incentives for setting up of new spinning mills in the next three years because it drives the existing ones into bankruptcy / NPAs as already there is 15% excess capacity. This has already been done by the Government of Gujarat and other states need to follow the same. However, all State Governments should extend 5% interest subsidy for a period of 8 years for modernization of existing spinning capacity. Government of Tamil Nadu in its recent textile policy, has extended 2% interest subvention only for modernization.

THE STATE OF THE GLOBAL TEXTILE & INDUSTRIES

CHALLENGES AND OPPORTUNITIES

Mr. Robert P. Antoshak
Managing Director, Olah Inc.

With all the talk of trade wars and anemic global growth recently, I think it's important to step back, take a breather, and re-examine our market. What are our customers – by that, I mean shoppers – doing these days? When viewed from the inner-workings, the buying and selling of apparel, higher tariffs can appear as an abstract concern. What matters most, said the store owner, is what's sold today!

Even so, I don't mean to imply that the effects of the trade struggle between the US and China are inconsequential. Far from it, but I think it's useful to understand the trade fight in the context of the marketplace for textiles and clothing. Indeed, the trade fight is adding to the overall slowdown in global economic growth. But in fact, global performance has been slowing for some years. So, if anything, the trade wars have only accelerated what had been an already weakening global economy.

Globalization and a World Divided.

A few years ago, protestors were arrested in Brussels for pelting trade officials with confetti, upset over the latest round of the failed Transatlantic Trade and Investment (TTIP) negotiations between the European Union and the United States. There was a time when such a protest over a global trade agreement would have seemed comical, but in today's hyper-charged political and economic environment it's not a laughing matter.

In countries around the world, there's a reaction underway rejecting globalization. Needless to say, with headlines filled with reports of terror attacks, attempted coups, and social strife, we live in difficult, contentious times. Protestations over trade agreements are symptomatic of something more onerous.

Why is this the case? Part of the problem lies with politicians who have poorly described the benefits of free trade and globalization to the broad population. Their poor communication has resulted in a backlash from large swaths of the electorate in the United States, European Union, and elsewhere. For many workers in the developed world, globalization seems more like some Wall Street con job than an economic panacea. However, when we consider the financial crash of 2008, and the aftermath of government bailouts of so many financial institutions, it's not difficult to wonder if

globalization and the rush to cash in on a growing world economy was symptomatic of something wrong with the theories supporting free trade.

In the Beginning, there was the WTO.

I remember the heady days of the founding of the World Trade Organization (WTO) in 1992. I was actually in Geneva the day when the WTO was ratified and remember the excitement all too well. I was a member of the U.S. textile delegation representing the interest of domestic textile mills. To secure ratification of the WTO, developed countries, led by the U.S. and Europe, agreed to end the Multifiber Arrangement, the textile and apparel import quota program, a trade-off with developing countries to secure greater market access for financial and technology services and products.

Developed world textile producers lost out to the financial services. Gosh, now how did that turn out? It was a rout, of course. Once the WTO deal was signed, sourcing companies dashed around the world finding ever-cheaper producers of textiles and apparel. But no matter, as U.S. trade negotiators reassured us that it would be better in the long run for the country and that we had to keep the big picture in mind. After all, so the argument went: "Why would anyone want to sit behind a sewing machine for 12 hours a day? Folks will be better off working in finance and tech. They'll get paid more and have more opportunities."

Wow. Such was the promise. For a world tired of the Cold War, closed borders, and anemic economic growth, the WTO became not only a symbol of globalization but a new church for the believers of free trade. More so, globalization became the moniker for all that was possible, a new and necessary step for so many. Sadly, though, it left behind so many others. Today, we're left to pick up the pieces, forced to contend with the aftermath.

The Importance of Textiles to Globalization.

Globalization has been no more evident than in textiles and apparel. Our industry is the point of the spear of globalization and economic development. As a consumer-facing industry, we experience shifts in the economy before many other industries and can occur with a shattering suddenness. Globalization has always promised lower consumer prices and greater product diversity, while at the same time providing opportunities for the globe's poor and untold economic benefits for consumers in the developed world.

That promise of globalization has often been true -- although not always. And that's the problem we now face. A portion of the population has been left behind, and they're now voicing their displeasure. Globalization is predicated on the economic belief that people will always behave rationally; they will make decisions based on what's best for themselves. But today, such reasoning has been pushed to their logical extremes. People left out of global prosperity want back in. The irony is that for all of the benefits wrought by free trade and globalization, the downsides were so poorly address by our political leaders.

Broader Economic Trends Influence the Industry.

Some segments of the apparel supply chain appear to have recovered from the doldrums of the global recession in 2008 while others continue to struggle. All the while, the retail apparel business continued to function as two distinct entities: one, high-end, the other, low-end. Indeed, this dichotomy not only characterizes today's retail apparel market, but it more directly reflects the contemporary social environment.

For sure there have always been high- and low-ends of the market. But in today's business, this split has taken on new dimensions. In the past, retail always assumed the consumer would often choose products based on factors such as emotional desire, functionality, fit and finish. Price always played a role, but increasingly for many consumers, the price of a garment is more important than ever and outweighs simple fashion. And many retailers have only been too happy to meet such demand.

At the high-end, though, other forces are at work: environmentalism, local production, and "slow" fashion have gained primacy. For many consumers, it's not enough to just purchase a garment at a good price; they want to know the story behind that garment. Where and how was it made? But it is not clear how many consumers are prepared to pay for a story.

Slower Economic Growth?

But there's a serious economic looming on the horizon that only adds to the political and social uncertainty. Here's my fear: we're entering into a period of lower global demand for consumer goods. Something broke a few years ago – and that was globalization. Like a machine needing maintenance, eventually, the apparatus that supposedly greased the gears of international commerce – globalization – began to show signs of wear with the crankshaft turning slower. As a result, global growth, the most direct means of measuring overall global economic performance, has stumbled.

As any IMF (International Monetary fund) or WTO (World Trade Organization) report will tell you, growth is essential for countries to maximize their economic potential, as growth is critical for expanding trade which in turns helps so many countries to grow their economies. And with lower growth comes lower spending by consumers.

Some readers may assume that I'll blame Trump or Brexit for this slowdown. But actually, to condemn those misses the point. They are symptoms of far more significant problems. Of course, one could point to the Great Recession of 2010, and that would be closer to the point, but even there it was more a symptom of systemic problems than a one-off event.

Indeed, politicians of every ilk have for too long relied on ideology instead of being practical about how to maintain the global system of commerce in the first place. They forgot – or chose to ignore – that globalization needs tending.

After all, global trade, open markets, currency and investment flows can't be expected to happen without undesired consequences unless there's some degree of fundamental reevaluation. The underpinnings and assumptions about the system of global trade need to be tweaked occasionally, or imbalances in the machinery of globalization will creep into the system, which is where we are today.

And that brings me back to growth.

Weakening Global Growth.

Globally, economic growth has been slowing since the mid-90s. Take a look at the following chart which tracks global GDP growth since the advent of the WTO:

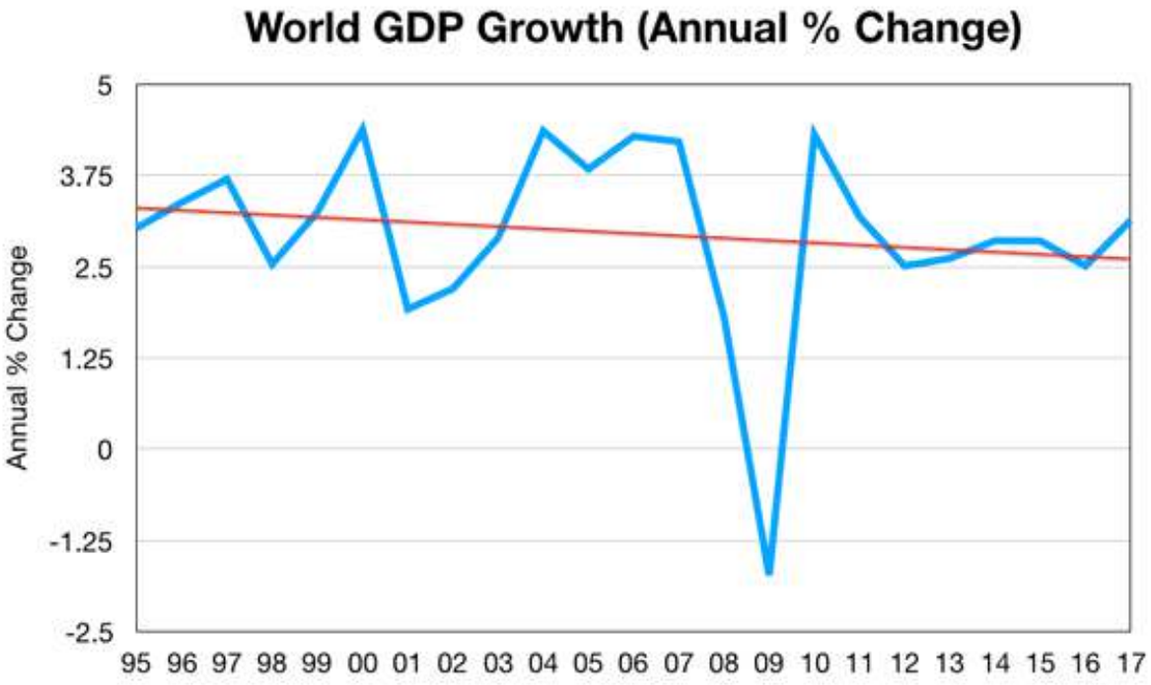
Allow me to digress. Once upon a time, as a representative of the U.S. textile industry at the WTO negotiations in the early 1990s, I remember being told by members of my government, that acceptance of the WTO was the only way to lift the world's economy out of the low-growth and inflationary period of the 1970s. Only, as the chart above shows, the growth of GDP has slowed over time, not increased.

More so, government negotiators labored to reach a grand bargain: trade barriers would be reduced or eliminated, which would encourage the expansion of new industry in the developing world, while in turn providing developed world consumers with lower-cost merchandise from which to purchase. This was the essential goal of the WTO – winners all around.

There were no other options, so said our government negotiating team. Free and open markets were the mantra, while precious little effort was made to address what would happen to the thousands of textile workers likely to lose their jobs as a result.

When I think about it, I find it ironic that so many blue-color workers voted to elect Donald Trump as president – and now we have to deal with the consequences.

So, lots of countries joined the WTO, which opened its doors in 1995 to much fanfare as the de facto representative protector of free trade and open markets, it would result in economic growth to lift their countries



Source: World Bank

out of poverty and malfeasance. And it has – only not in the ways that many folks at the time thought that it would.

Today's Realities.

So here we find ourselves in 2019: there was supposed to be an explosion in trade of consumer goods – and there has for some countries. According to free trade ideologists, cheaper suppliers would meet the needs of consumers with well-designed and manufactured products for less cost that it would take if made in consumers' home markets.

But history has proven otherwise: on a per capita basis, consumption of products in the garment industry has slowed. In fact, despite the founding of the WTO, the rate of growth in the United States – still the world's largest consumer of apparel – has fallen:

per capita consumption of apparel, and falling prices. What gives?

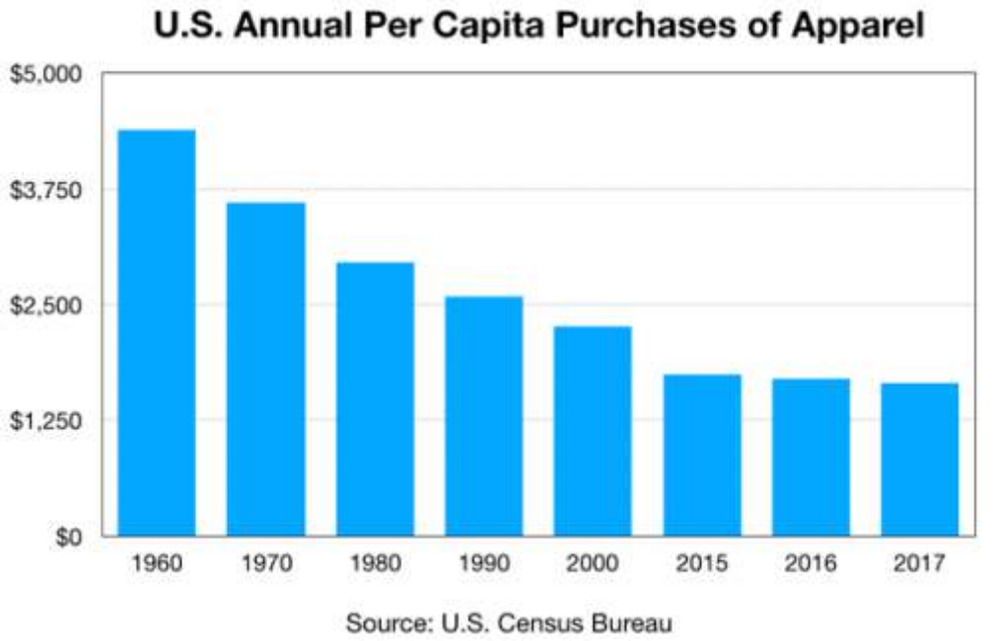
U.S. Imports of Apparel

Year	SME	US $	Average Unit Price
1990	6,007,084,781	$ 21,936,690,337	$ 3.65
2018	27,841,578,725	$ 82,880,764,212	$ 2.98

Source: Office of Textiles & Apparel, U.S. Dept. of Commerce

Growth has Benefitted Some, While Not Others.

Growth has benefited some but not everyone – and that goes for people and countries. It's been widely reported about the growing economic inequality we've witnessed around the world. A comparatively small slice of the global population has gained most of the rewards.



Furthermore, unit prices for these products have fallen sharply over the years, aggregate average prices of U.S. imported apparel dropping from $3.65/Square meter equivalent in 1990 to just $2.98/square meter equivalent in 2018, according the U.S. Office of Textiles & Apparel.

Much of the spin promoted by advocates of free trade said that prices would fall once tariffs came down and quotes were eliminated when the WTO came into existence. Only now all I see are closing stores, declining

The same goes for trade. Ten countries now dominate the trade of apparel globally with China far ahead at the top of the list. Before the advent of the WTO, the list of major apparel exporting countries was longer, with trade more evenly distributed amongst the top suppliers.

We can see the phenomenon clearly by using U.S. import statistics. At the advent of the WTO in 1995, the top ten apparel exporters to the U.S. accounted for 61.1% of World apparel exports to the U.S. Last year,

that number had jumped to 85.4%. And many of the countries listed as top ten suppliers had changed. Here's what I mean:

Top 10 Suppliers of Apparel to U.S.			
Square Meter Equivalents			
Country	1995	Country	2018
World	9,254,889,925	World	27,841,578,725
China	862,089,584	China	11,670,305,084
Hong Kong	820,869,343	Vietnam	3,727,325,553
Mexico	774,219,724	Bangladesh	1,934,655,622
Dominican Republic	631,614,376	Indonesia	1,173,698,249
Taiwan	598,337,759	India	1,085,562,210
Bangladesh	519,233,625	Cambodia	1,008,232,571
Philippines	464,872,826	Honduras	991,253,255
Korea, South	342,905,692	Mexico	850,039,226
Honduras	329,378,882	El Salvador	763,228,819
Indonesia	310,156,435	Nicaragua	559,680,202
S-T	5,653,678,247	S-T	23,763,980,792
% of World	61.1%	% of World	85.4%

Source: Office of Textiles & Apparel, U.S. Dept. of Commerce

Some Factors to Consider.

There are a lot of factors that have affected how globalization has unfolded since the advent of the WTO all those years ago. Let's look at a few:

Technology. Our lives (and businesses) have been radically affected. When the WTO was established, no one could have predicted the impact technology would have on the fundamental operation of industry, consumerism, and rapid communication. Global supply chains would be incredibly difficult to manage were it not for technology, while for consumers, the ease in which products can now be purchased from a phone is truly astounding.

Interconnectedness. Business is now intertwined in ways hard to believe when the WTO was established. The same can be said of national economies. I'd suggest that globalization is too easily affected by economic problems in a given country or set of countries. In effect, globalization's most significant export is financial stress, which is seemingly shipped from country to country within the global system. What happens in China affects the U.S., which in turn affects Mexico, which affects Germany, and so forth. Examples of stress include commodity prices, currency manipulation, supply and demand imbalances, the effects of weather, local political instability, and lots more.

Our Customers. Consumers have changed. Have you noticed? Thousands of stores have closed in the U.S and Europe. And we're not even in a recession. Even more, many brands are scrambling to find new ways of courting an increasingly elusive customer base. Consumers, our ultimate customers, are the ultimate rulers of our supply chain and they have placed pressure on our industry like never before. A strength of globalization – product diversity and flexibility manufacturing – has resulted in an empowered consumer. When coupled with technological change, we have a global system that has set itself up for even great even more significant change in the future.

All through this period, I have struggled with why politicians didn't do more to correct or adjust problems and changes in the system. Why did they let it go for so long? I'm sure there are many reasons – some good and some not so good. But we find ourselves at a pivotal point in history, left with the likes of Trump, trade wars, and increasing pressure on the E.U.

We're also left with rising nationalism and a populist turning away of some countries from globalization, with tribalism now ascendant. Institutions are increasingly questioned. Many people don't seem to trust institutions like they once did.

What Can be Done?

Globalization isn't a terrible idea. History suggests that during periods of expanded globalization, relations between nations and economies are relatively peaceful and constructive. From a historical perspective, turning away from globalization and international relations like we witnessed in the 19th and 20th centuries only resulted in armed conflicts.

But as with any system (or piece of machinery), it needs maintenance from time to time. If our industry is to prosper over the long term, then the ailments that currently affect globalization need to be tended to -- mended here, adjusted there -- before setting it back on its merry way. In practice, the failure of the Doha Round and other attempts at multilateral negotiations failed to produce reasonable adjustments to the system. So, the machine trudged on – imbalances and all.

Some would say that globalization has caused more problems than good. They have a point when specific industries are considered, and economic inequality is

taken into account, only that I feel to the greatest failure of globalization has been the lack of management by the very proponents of globalization.

How can someone defend a system that has disproportionately benefitted the few instead of the many? And how can a system that demands such product churn ignore the devastation and heartbreak caused by disasters like Rana Plaza?

At the end of the day, what we're talking about here is how our industry will grow – or not – in the future. Globalization gave us a good ride, only at what cost? It's a bit of a conundrum. What's a brand to do? Maybe learn more about Gini coefficients.

Conclusion: Understanding Our Industry in an Unstable World

First, there was Brexit. Then there was Trump. Now we have derailed free trade agreements and trade wars. On top of this drama, we also have weak retail sales in many parts of the world, lackluster global economic growth, technological disruption, widening economic inequality, greater economic anxiety, and on and on. Make no mistake: these are not sunny times. We live in a period of rapid change.

For our industry, macroeconomic and social trends, as well as politics, are ominously large these days – in many ways glowering at our industry at a time of vulnerability. Gosh, the traditional models of business don't seem to work like they once did for many companies. When we add in the uncertainties of global politics, simmering social unrest, and technological change it's easy to see the world through increasingly dimming glasses. Talk of conflict between the U.S. and North Korea only takes the anxiety quotient to a new level.

It's Easy to be Cynical About our Industry.

It's easy to get caught up in all of the negative headlines, to become cynical about the future of our industry. After all, so many of the forces and influences at play these days are beyond the ability of any industry – let alone any single government --to control. Sure, things are tough, but there are reasons to be optimistic. It's not all doom and gloom. Indeed, through it all, though, our industry continues to evolve and continues to innovate. It copes (and in some ways thrives) on all of the uncertainty in the world today. Adversity breeds innovation. Our industry isn't ready to throw in the towel yet – oh no, it wants to make a better towel.

But it's Important to Remember that our Industry is Innovative.

And there is nothing more innovative that's come from our industry than sustainability. Think about it: the industry supply chain originates with fibers, then processes those fibers into textiles, which from there are cut and sewn in garments and made-up products, with the final destination of a sale to a consumer. Each step of this supply chain has sprouted dozens of sustainability initiatives. Many of these initiatives began with the vision of environmental advocates, while many others began as after the hard work of industry executives. Regardless of its origins, sustainability is now a force in our industry and comes at a time when consumers demand sustainable products. Not only do many consumers want to know how a product is made, but also from where a product originates.

Today's sustainability initiatives began with the organic movement. To their credit, advocates of organic production, particularly in cotton, helped to change industry perceptions of the value of unfiltered, untampered, natural products. It sold well with many consumers, which in turn attracted the interest of many companies – for a time. That's where organic hit a wall: it lacked scalability. The economics of organic production will always destine it to a comparatively small portion of the fiber and textile markets. For example, there can never be enough organic cotton grown to meet the needs of global brands and retailers. Enter sustainability: it provides scalability while also supporting environmentally-friendly growing and manufacturing practices.

Sustainability Equates to Efficiency.

The flipside of scalability is efficiency, which enables lower costs. Hence the value proposition for our industry today. It's a better way of doing business. Innovative and profitable, so many companies now embrace sustainability as a business strategy. For sure, many companies see sustainability as the right thing to do for the environment and all of the inhabitants of our planet. Many more companies, however, see sustainability for the economic possibilities, meeting the needs of customers, and a philosophy of business focused on improving efficiencies and technological innovation. It's pretty exciting, actually, and stands in sharp contrast to all of the otherwise seemingly dim prospects for our world.

There are so many initiatives worth mentioning – such as Fashion for Good and the Sustainable Apparel Coalition, to name a couple -- but the bottom-line for our industry is that innovation and creativity are far from over. And despite the gloomy headlines about the economy and politics, there's good reason to pause and take stock in the fact that our industry continues to function as a source of creativity. For sure, our industry will look different in the decades ahead, but the industry has taken steps to structure what that future can be -- thanks to its embrace of sustainability as a business strategy.

Note: Much of this analysis is based on articles previously published in my "Field to Shelf" column on just-style.com.

RUPEE UNDER TWIN THREAT AMID GLOBAL AND DOMESTIC SLOWDOWN

Mr. Abhishek Goenka
CEO & Founder, IFA Global

The Rupee has been spooked by a combination of global and domestic factors. It has depreciated nearly 3.5% in a matter of a few sessions to hit a eight month low. On the domestic front, policy flip flops pertaining to issue of sovereign foreign currency bond and super rich surcharge for FPIs induced uncertainty. It resulted in outflows from domestic equity markets. On the global front, escalation in trade war between US and China dampened risk sentiment and outlook for global growth. This resulted in unwinding of carry trades and flight of capital from riskier EM assets to safe havens such as US treasuries and Gold. The PBoC responded to fresh tariffs by letting the Yuan depreciate. USD/CNY broke the psychological 7 level. The Rupee and other EM currencies have closely tracked the Yuan. The reaction function of the RBI seems to indicate that it is not too perturbed letting the Rupee depreciate in a calibrated manner in REER terms.The 36 country REER has corrected to 115 from 120. For quite some time CNY/INR traded in the 9.95-10.05 band and now the Rupee has depreciated beyond the 10.10 mark against the Yuan. In a way, a more competitive Rupee would help reinvigorate exports and also domestic manufacturing by reducing the import of cheap substitutes. The adjustment in Rupee is therefore welcome.

There are serious growth concerns on the domestic front. The monetary policy is on full throttle. The RBI has cut repo rate and has ensured abundant liquidity in the banking system. The challenge however on the monetary policy front has been transmission. The RBI and the government have announced measures to ensure that banks pass on liquidity to NBFCs and end customers but given the deep rooted confidence crisis, more needs to be done. Banks are competing with small savings scheme offered by government for deposits. As long as banks cannot mobilize deposits too at benchmark linked rates, transmission would be impeded. The fiscal headroom to stimulate the economy seems limited given the uncertainty around tax collections. The combined deficit of center, state, quasi sovereign entities is alarmingly high. However, the government can divert expenditure to more productive purposes (capex rather than revenue expenditure) and can initiate non fiscal reforms to revive the economy. We saw glimpses of it in the FM's recent press conference where sops for the struggling auto and housing sectors were announced. Front loading recapitalization of banks is also a step in the right direction A revival in monsoon will hopefully improve rural incomes and give a fillip to rural demand. This would go a long way in bridging the negative output gap and kick starting private capex.

On the global front the outlook appears even more gloomy. Economies in Eurozone are struggling to find any kind of growth momentum. Germany is technically on the cusp of a recession. The German government recently said it would consider imparting fiscal stimulus if needed. All the major central banks have turned dovish and have highlighted risks to global growth due to the ongoing US-China trade war. The ECB is considering cutting rates and recommencing asset purchases. The Fed delivered its first rate cut in a decade and has ended quantitative tightening. USD 16.5Tn worth of bonds globally are offering negative yields. Yield curves are flat indicating no inflation expectations. US and UK yield curves had even inverted for a brief while. Given the latest developments, the US-China trade warlooks like taking a turn for the worse. If trade talks break down, the PBoC may allow further adjustment of the Yuan. The Rupee and other EM currencies are likely to closely follow the Yuan. 72.90 is a crucial resistance for the USD/INR pair, break of which could catapult it to a new all time high.

One needs to closely track the developments surrounding Brexitonce the UK parliament reconvenes on 3rd September. A no deal Brexit could further dampen business and investment sentiment globally and could potentially act as a tipping point for the next major global crisis.

COLLABORATIVE EFFORTS OF STAKEHOLDERS AT THE INITIATIVE OF THE CITI CDRA LED TO TURNAROUND IN COTTON PRODUCTION IN RAJASTHAN

Mr. P.D. Patodia
Convenor, CITI Sub Committee on CDRA.
Past Chairman, CITI.

INTRODUCTION

The transformation of cotton scene in Rajasthan during the last decade makes an interesting story. Cotton being the mainstay of the Indian Textile industry, the CITI CDRA made conscious efforts to identify the causes which created impediments in improving productivity and quality of cotton in the country and to take effective remedial measures by organising a series of joint and interactive meetings of seed producers, distributors, cotton traders, research institutions, textile mills and connected government departments and agencies both at the Centre and the States level. Arising out of these efforts, the CITI CDRA realized that there was an urgent need to involve stakeholders in cotton development activities in various cotton growing states by supplementing extension work being carried out by the agriculture departments of the concerned States for improving yield and production of cotton. The CITI CDRA, therefore, decided to approach those state governments of cotton growing states where cotton yield was lower, urging them to take remedial measures to improve the yield. Among the three cotton growing states in the Northern India, cotton yield in Rajasthan was found much lower as compared to Punjab and Haryana states, the yield difference being around 200 kgs of lint per hectare. Lower yield in Rajasthan was attributed to lower yield in rainfed cotton growing areas of Southern and Central Rajasthan. Therefore, the CITI CDRA took up the matter with the then Chief Minister of Rajasthan, Smt. Vasundhara Raje, bringing to her notice the above fact and the need to improve yield, particularly from areas of Lower Rajasthan. Appreciating the concern of the CITI CDRA, she desired it to propose an action plan to improve the situation.

ACTION PLAN

The CITI CDRA along with Bayer Crop Science proposed an action plan which involved the following:

i) Adopting inclusive growth model in Public Private Partnership (PPP) partnership format involving key stakeholders in cotton value chain.

ii) Participation of the state agriculture department, CITI CDRA, Bayer Crop Science, Krishi Vigyan Kendra's / Agriculture Research Stations of the State Agriculture Universities in dissemination of the latest technological knowhow among cotton growers.

iii) Systematic training and guidance to the farmers on the technical knowhow, covering production, plant protection and nutrient management technologies, involving scientists from KVK/ARS, BCS, Agriculture officers and the CITI CDRA's project staff.

iv) Mass technological awareness among cotton growers through organising Farmers Fields schools, Field days, farmers meetings, awareness camps and kisan Gosthie's, etc.

v) Creating infrastructure to implement the project and to supplement the efforts of the agriculture department.

APPROVAL OF THE STATE GOVERNMENT.

The State Government of Rajasthan proactively considered the CITI CDRA's above project proposal in June 2008 and issued direction to the District Level Agriculture officers and other state agencies / organisations to get involved in the implementation of the plan of action.

IMPLEMENTATION OF THE PROJECT.

The project was implemented in three different phases covering the period 11 years. In the first phase from 2008-09 to 2011-12, Banswara, Bhilwara and Rajsamand districts were covered involved 34217 cotton farmers from 710 villages with 19900 hectares under cotton cultivation. In the second phase the districts of Ajmer, Jodhpur, Nagaur and Pali were covered, involving 42400 farmers from 697 villages, having 87875 hectares under cotton. The third phase covered 25300 farmers from 186 villages, having 65364 hectare under cotton from Alwar, Bhilwara and Rajsamand districts. The Rajasthan Textile Mills Association, Jaipur strengthened the project efforts to improve yield and production by proactively getting involved in the project activities from 2012-13 onwards.

Inspection of the project plot with ridges and Furrows by Project team.

Project farmer being rewarded for best performance at the hands of Vice-Chancellor, Bikaner Agriculture

KISAN MELAS

The CITI CDRA organised Kisan Melas as the part of its mass awareness efforts in the project areas regularly. This received wide publicity in print and electronic media to the collaborative efforts of the stakeholders which resulted in motivating non project farmers to adopt latest technologies while cultivating cotton in Rajasthan.

Kisan Mela at Badi Badwas, Kushalgarh

Kisan Mela at Bijaynagar, district Ajmer, District Banswara.

As the result of the CITI CDRA's successful efforts with the Government of India to associate the CITI CDRA in the implementation of Mini Mission II of the Technology Mission on Cotton (TMC),

it was associated with the implementation of the FLDs programme on Cotton Production and Integrated Pest Management sponsored by the Government of India, through the Ministry of Agriculture during 2005-06 to 2013-14. The CITI CDRA implemented this programme in Lower Rajasthan from 2008-09 to 2013-14 in 756 villages of Banswara, Bhilwara, Rajsamand, Ajmer Jodhpur, Nagaur and Pali districts, benefitting 3346 farmers who received input subsidy of about

Rs. 60.00 lakhs. From 2014-15 onwards, the Government of India discontinued its FLD programme but the CITI CDRA in association with Bayer Crop Science continued the programme in Banswara, Bhilwara, Rajsamand, Ajmer, Jodhpur, Nagaur and Pali districts. In fact, implementing the FLD programme on a large scale laid the foundation for the successful implementation of the collaborative project in Rajasthan.

District implementation committee meeting in progress at Alwar (Rajasthan)

Farmers meeting at Badwala Rajia (Abhapura cluster of Banswara district)

PROFOUND IMPACT OF COLLABORATIVE COTTON PROJECT IN RAJASTHAN.

The collaborative project efforts during the past eleven years as brought out above led to propound impact on cotton scene in Rajasthan bas would be evident from the following data-

A) NOTICEABLE INCREASE IN AREAS UNDER COTTON IN RAJASTHAN-

The area under cotton cultivation in Rajasthan which was built 3.02 lakh hectares in 2008-09 increased to 6.29 lakh hectares in 2018-19, an increase of 208.28 %. It is pertinent to point out that the area under cotton in Lower Rajasthan where the project was implemented increased from 1.23 lakh hectares in 2008-09 to 3.10 lakh hectares in 2018-19, an increase of 252%. In fact, the share of area under cotton in Lower Rajasthan has shown marked improvement, accounting for 49.73 % of the total state area under cotton in 2018-19 as compared to only 40.72 % in 2008-09. The trend in the change of area under cotton during the last decade would be evident from the following data:

YEAR	AREA (LAKH HECTARE)		
	UPPER RAJASTHAN	LOWER RAJASTHAN	TOTAL
2007-08	2.30	1.39	3.69
2008-09	1.79	1.23	3.02
2009-10	3.00	1.44	4.44
2010-11	2.00	1.35	3.35
2011-12	2.90	1.80	4.70
2012-13	2.30	2.20	4.50
2013-14	2.13	1.80	3.90
2014-15	2.41	2.46	4.85
2015-16	2.05	2.43	4.48
2016-17 (P)	2.5	2.21	4.71
2017-18 (P)	3.61	2.69	5.84
2018-19 (P)	3.19	3.10	6.29

B) PRODUCTION IN LOWER RAJASTHAN DIS PLYED A STEADY UPWARD TREND-

The most striking feature of the collaborative project in Lower Rajasthan was the impetus which cotton production got, inspite of the fact that most of the cotton areas were rain dependent. Production at 1.75 lakh bales in 2007-08 reached estimated 14.60 lakh bales in2018-19, an increase of 834.3 % over the period of 11 years. Within three years of launching the project in 2008 09, production reached 7.80 lakh bales and barring 2012-13 when production was estimated at 7.16 lakh bales, upward trend in production continued year after year as would be evident from the

following data:

YEAR	PRODUCTION (LAKH BALES)		
	UPPER RAJASTHAN*	LOWER RAJASTHAN*	TOTAL **
2007-08	7.25	1.75	9.00
2008-09	4.40	3.10	7.50
2009-10	8.90	3.10	12.00
2010-11	7.10	3.00	10.10
2011-12	10.20	7.80	18.00
2012-13	9.84	7.16	17.00
2013-14	5.75	8.25	14.00
2014-15	6.25	10.25	16.50
2015-16	5.90	10.10	16.10
2016-17 (P)	6.50	11.50	18.00
2017-18 (P)	10.07	12.71	22.78
2018-19 (P)	12.69	14.59	27.28***

*Northern India Cotton Association for 2007-18 to 2012-13 & Cotton Association of India for 2013-14 to 2015-16 & for 2016-17 onwards trade estimate.

**Cotton Advisory Board

***Trade Estimate.

C) TURNAROUND IN COTTON PRODUCTION OF RAJASTHAN -

Backed by the steady upward trend in cotton production in Lower Rajasthan as brought out above, the state production also recorded unprecedented increase from 9.00 lakh bales in 2008-09 to estimated 27.28 lakh bales as would be evident from the following data:

YEAR	TOTAL (fig.in lakh bales)
2007-08	9.00
2008-09	7.50
2009-10	12.00
2010-11	10.10
2011-12	18.00
2012-13	17.00
2013-14	14.00
2014-15	16.50
2015-16	16.10
2016-17	18.00
2017-18 (P)	22.78
2018-19 (P)	27.28*

*Trade estimate

D) MANIFOLD INCREASE IN COTTON YIELD OF LOWER RAJASTHAN-

Before the commencement of the project activities in Lower Rajasthan yield was estimated at 214 kgs of lint per hectare in that area. However, starting from 2010-11 yield at estimated 366 kgs went on increasing to reach the record level of 800 kgs of lint per hectare in 2018-19 as would be evident from the following data:

YEAR	YIELD (IN kgs of Lint)		
	UPPER RAJASTHAN	LOWER RAJASTHAN	TOTAL
2007-08	536	214	415
2008-09	418	428	422
2009-10	504	366	459
2010-11	604	378	513
2011-12	598	737	651
2012-13	727	676	642
2013-14	459	779	606
2014-15	441	708	593
2015-16	489	700	569
2016-17 (P)	442	885	692
2017-18 (P)	576	803	663
2018-19 (P)*	676	800	737

*Based on trade estimates.

E) Rajasthan overtakes yield in Punjab and Haryana-

At the start of the project, yield gap between Rajasthan and Punjab/Haryana was placed around 200 kgs as mentioned above. But now with the noticeable increase in the yield of Rajasthan, the picture stood reversed as would be seen from the following data:

YIELD IN 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	482	320	415	569
2016-17	568	598	683	693
2017-18	499.76	687.01	549.11	677.09
2018-19 (P)	454.43	729.48	552.26	675.68

*Source- Cotton Advisory Board.

FACTORS CONTRIBUTING TO THE CHANGED COTTON SCENARIO IN RAJASTHAN.

The factors which constituted to the turn-around in yield and production of cotton in Rajasthan could be summarized below:

1. **Proactive support of the State Government.**

The State Government proactively supported the project right from its inception. It gave directions to the districts level agriculture officers and scientists from KVK and ARS/ATMA organisation to be the part of the project activities. They got involved in all the project activities including farmers training, field visits and awareness programmes. The collective efforts of project staff and the agriculture department staff together with the scientists proved instrumental in effectively dessiminating the latest production, plant protection and nutrient management technologies among the project farmers. The progress of the project was periodically reviewed at the highest level in as much as on a few occasions even the Secretary Agriculture of the State Government presided over the Review meetings.

2. **Rapid Adoption of the technologies by project farmers.**

Genetically modified cottons were introduced in the Northern States in 2005 onwards but the farmers rapidly shifted to Bt hybrids and within a few years over 95 % of area under cotton was covered by Bt cotton. This coupled with mass technological awareness resulting from the collective efforts of the project Staff and agriculture development came handy in expanding cotton area and in improving yield. The cotton farmers in districts like Jodhpur took to cotton planting in late April/May when the temperatures were 40 to 45 degree Celsius and took care of the crop till the onset of monsoon. The hardworking and enterprising cotton farmers in Rajasthan deserve all the credit for internalising the technical knowhow and putting it to practice.

3. **The spread of drip irrigation for efficient use of available water resources.**

The farmers friendly policy of the state government helped in spreading drip irrigation facilities which facilitated efficient use of available water from wells and tube wells. This proved beneficial in increasing area under cotton and improving yield.

4. **Additional areas brought under cotton cultivation were virgin lands.**

The area under cotton cultivation which increased in Rajasthan particularly in Mewad, Marwad and even Shekhawti regions of the state in the past few years was virgin area and when such areas were brought under cotton cultivation, the productivity showed marked improvement.

5. **Promoting better performing and varieties with higher lint outturn.**

The collaborative project consciously promoted those Bt hybrids which performed better in teams production and which had better lint outturn. In fact these efforts under the project were supported by cotton trade which offered higher prices for such cotton over the prevailing market rates.

To sum up, it can be said that the turnaround in cotton production and yield in Rajasthan was the cumulative effect of all the above factors.

PREPARING A STRONG WORKFORCE FOR INDIAN T&C INDUSTRY WITH THE RIGHT SKILLS

Dr Swapna Mishra
Director (C&T), Textile Sector Skill Council

Introduction:

More than half of India's population of 1.3 billion is below the age of 25 compared to 40, 46 and 47 years for USA, Europe and Japan. A World Bank study predicts that for the next two decades in India, every year more than 12 million youths between 15 and 29 years of age are expected to enter the job market. The country has more than 62% of its population in the working age group (15-59 years) which can be a huge demographic advantage, if used to its full potential to achieve maximum possible production. However, if not utilized properly, the large number of unemployed youth can become the biggest liability. Currently, 43% of Indian Youth are not in employment, education or training, with the youth unemployment rate of more than 10%. In addition, while 1% of the population accounts for 22% of the national income, the bottom 50% account for just 15%. There also exists a wide gender wage gap in the country having lowest women's labour force participation rates in the world showing a continuous decline since 2004-2005, with women working in lower paying jobs. Female labour force participation rate in India has fallen from 36% in 2005-06 to 24% in 2015-16, as per the Economic Survey of India for 2017-18. Further, 13.6% of rural female and 27.2% of urban female were unemployed, as per the NSSO report. Around one-third of females are known not to have any job offers compared to 15% males. It is crucial to even-out this disparity for equitable growth

Skill India

TSC — Textile Sector Skill Council — PERFECTING SKILLS

Newsletter

N·S·D·C National Skill Development Corporation — Transforming the skill landscape

Textile Sector Skill Council (TSC) as of now in financial year 19-20 TSC has certified 15,245 candidates and in the month of July & August 2019 a total of 7,751 candidates were certified. This was made possible due to active participation of the industry. TSC appreciate the efforts made by South Indian Mills Associaon & Tamilnadu Spinning Mills Association for encouraging industries for participation. Industries like Siyaram, Trident Ltd., Shrivallabh Pittie Industries Limited taken a step forward and participate in RPL BICE. TSC hopes that in the current Financial Year all other regional associations will also participate in PMKVY and other schemes for the benefit of the industry.

TRAINING DATA UPDATE FOR FY 2019-20

PARTICULARS	TOTAL CERTIFIED IN THE YEAR	NUMBER CERTIFIED IN JUL.-19	NUMBER CERTIFIED IN AUG.-19
No. of Persons Certified	**15,245**	**5,573**	**2,178**
Mill Sector:	**9,453**	**9,453**	**752**
Fresh:	764	189	248
RPL:	8,689	3,586	504
Handloom Sector:	5,792	1,798	1,426
Fresh:	2,164	632	381
RPL:	3,628	1,166	1,045
No. of Trainers Certified	**251**	-	-
No. of Training Partners (Affiliated)	**14**	-	-
No. of Assessors Certified	**402**	-	-
No. of Assessment Agency Accredited (DGT)	**6**	-	-

TRAINING PROVIDER	STATE	TOTAL CERTIFIED	
Arvind Ltd.	Gujarat	1125	MILL SECTOR
NSL Textiles Pvt Ltd	Andhra Pradesh	103	MILL SECTOR
Sandhya Spinning Mill Ltd	Tamil Nadu	313	MILL SECTOR
Sri Ramco Spinners	Tamil Nadu	290	MILL SECTOR
Sri Vishnu Shankar Mill Limited	Tamil Nadu	337	MILL SECTOR
Swargiya Annasaheb Tatha Sudhir Baburao Pethkar	Maharashtra	2672	MILL SECTOR
Thiagarajar Mills (p) Ltd	Tamil Nadu	665	MILL SECTOR
Vardhman Textiles Ltd	Himachal Pradesh	269	MILL SECTOR
VTM Limited	Tamil Nadu	303	MILL SECTOR
Arumugam Spinning Mills (p) Ltd	Tamil Nadu	219	MILL SECTOR
Sutlej Textiles And Industries Limited	Rajasthan	84	MILL SECTOR
Arni Handloom Silk Park	Tamil Nadu	661	HANDLOOM SECTOR
Chanu Creations	Manipur	60	HANDLOOM SECTOR
K B Philanthropy	Manipur	558	HANDLOOM SECTOR
Shiksha Mantra Skills Academy	Assam	117	HANDLOOM SECTOR
Sreeja Educational And Welfare Society	Andhra Pradesh	133	HANDLOOM SECTOR
Surabhi Skills	Uttar Pradesh	2722	HANDLOOM SECTOR
Ultimate Energy Resource Private Limited	Assam	119	HANDLOOM SECTOR
Valeur Fabtex	Assam	304	HANDLOOM SECTOR
Bethel Life Care Charitable Trust	Arunachal Pradesh	60	HANDLOOM SECTOR
Eikhoigee Development And Research Association	Manipur	90	HANDLOOM SECTOR

SNAPSHOT OF THE ACTIVITIES

Assessment at Tamil Nadu under TNSDC RPL Scheme

Assessment under CSR sponsored by RmKV at Arni Handloom Silk Park

PMKVY RPL Training at NSL Textile Ltd, Andhra Pradesh

ToT Program at Tamil Nadu Spinning Mills Association

Textile Sector Skill Council

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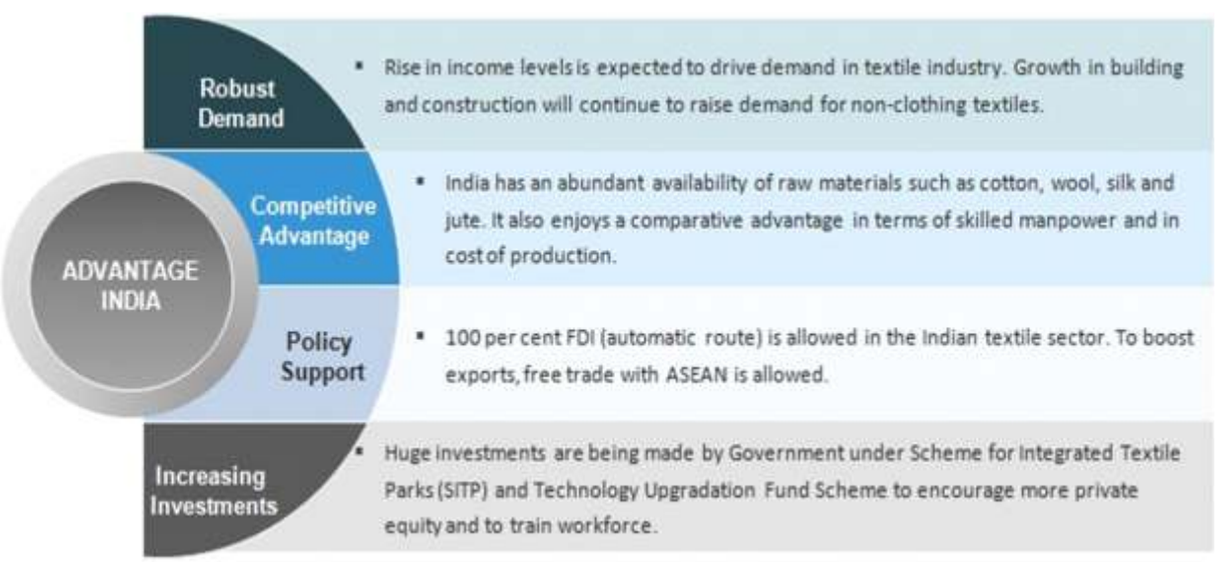
in the country. Only 4.69% of the total workforce (15-59 years of age) has been formally trained in India compared to 20% in China, 52% in the United States, 68% in United Kingdom, 75% in Germany, 80% in Japan and 96% in South Korea, according to the Ministry of skill development and entrepreneurship's annual report for 2015-16. Further, Low labor intensity is present in the labor intensive manufacturing sector. A marked decline in employment elasticities was seen between 2000 and 2010, in case of labour intensive industries, indicating 'absence of skilled manpower' inducing substitution of labour. The low education and low skill intensity of the country present a humungous task of developing a skilled workforce. The gap between education, skill and job employment add up to the worry. The inability to create jobs for the growing population is largely attributable to the persistent skill gaps and mismatches existing in the labour market. According to the National Sample Survey Office's (NSSO) first periodic labour force survey, Business Standard reported on February 6, 2019, the unemployment rate for trained persons doubled to 12.4% in 2017-18 from 5.9% in 2011-12, while the national rate of joblessness was 6.1% - the highest in 45 years. There is a need for developing a strong workforce with the right skills across class and gender.

Textiles and Clothing industry:

The global textile mills market is expected to reach $842.6 billion in value in 2020, an increase of 26.2% since 2015. The compound annual growth rate of the market in the period 2015–20 is predicted to be 4.8%.Textiles and clothing is one of the oldest industries in India, with current value of around US$ 150 billion and is expected to reach US$ 250 billion by 2019. It contributes 7% to the industry output (in value terms), 2% to the GDP and 15% to export of India in 2017-18. The Textile & Clothing industry is one of the most labor-intensive industries. It is the second largest employer after agriculture, providing direct employment to around 45 million people. The industry uses a wide variety of raw materials from cotton, Silk, Wool, Jute, Linen etc. to produce a wide spectrum of products ranging from hand-spun, hand-woven textiles to that manufactured in the capital intensive sophisticated textile mills, suitable for local as well as global market. The industry includes well organized textile mills as well as decentralized power loom/Hand loom and hosiery units. It is closely associated with agriculture and has roots in India's ancient culture and traditions which makes it unique compared to the industries in other countries. India is the world's second largest exporter of textiles and clothing and the demand is expected to grow, driven by increased penetration of organized retail, favorable demographics, and rising income levels Textile and apparel exports from India are expected to increase to US$ 82 billion by 2021. With a 20% CAGR in exports India would be exporting about US$ 300 billion of textile and apparel by 2024-25 while with the lower15% CAGR in exports, India would be exporting about US$ 185 billion of textile and apparel by 2024-25.Considering the targeted growth in exports, India should by then have a market share of 15% to 20% of the global textile and apparel trade. The factors supporting the growth of Indian textile & Clothing industry are shown in Figure1.

Figure 1. Advantage Indian Textile & Clothing industry



Note: SITP - Scheme for Integrated Textile Park, ASEAN - Association of Southeast Asian Nations

Skill requirement in the Indian T&C industry:

For achieving the production capacities envisaged in the Indian Textile & Clothing sector, an additional skilled manpower of 35 million would be needed. As mentioned earlier, there is a huge mismatch between the skills required for employment opportunities available in the country and the availability of people with right skills. While a persistent skill mismatch can have an adverse impact on most industries, it becomes more pronounced in case of a labour-intensive industry like textiles and clothing. Hence it is very crucial to prepare a strong workforce with required skills for the Indian Textile & Clothing industry. Addition of new technology, advanced machinery, digitally controlled machinery and use of emerging technology makes it impertinent to upgrade skills at regular intervals to match up to the changing requirements. The current requirement of the Indian T&C industry to meet the growing export demand is estimated at 10 million trained workers.

Technical Textiles offer much higher value addition compared to conventional textiles. However, India is still to catch up in the production of these highly specialized products. While a strategy is being developed manufacturing high quality Technical textiles like Protech, Agrotech, Geotech, Meditech, Sportech, etc, there also arises a need for skilling a strong workforce for the industry which Is gaining ground steadily in the country.

Nearly 15 million people are dependent for their livelihood on Handloom sector representing the rich traditional cultural legacy of the country. However, the sector has experienced downfall due to change in the taste of customers with increased incomes with development. The handloom survey conducted by NCAER on behalf of Ministry of Textiles quotes that the number of working handlooms have decreased from 3.61 million in the year 1987 to 2.15 million in the year 2010. It is critical to support the sector to ensure survival of the rich crafts of the country and save million in the sector from financial crunch. Nurturing the sector through Recognition of Prior Skilling, upgrading of Skills for better designs, quality and productivity along with support for infrastructure and raw material at reasonable costs are very much need of the hour.

Skill India Mission

The Skill India Mission was launched by the Government of India on July 15, 2015, from Vigyan Bhawan, New Delhi, with an aim to train over 400 million people in India in various skills by 2022. In order to make the initiative successful, it is pertinent to ensure meaningful industry participation in skill training programmes to ensure that appropriate and necessary skills are being taught, have clear standards and certification system, and an appropriately designed and implemented long-term skill development strategy. The Skill ecosystem aims to achieve this through various bodies like the National Skill Development Agency (NSDA), National Skill Development Corporation (NSDC) and the Sector Skill Councils (SSCs) to standardize Courses, recognise National Occupational Standards, lay down standard procedure for implementation of skilling programs and ensure implementation of the same as per standard procedure. Protocols are laid for Fresh training as well as Recognition of Prior Learning (RPL). It is mandatory for all courses to be approved by the National Skills Qualification Committee (NSQC) as per National Skills Qualification Framework (NSQF) for them to avail Govt. funding for skilling. The details of approved courses is available at www.nqr.gov.in

Pradhan Mantri Kaushal Vikas Yojana (PMKVY) is the flagship scheme of the Ministry of Skill Development & Entrepreneurship (MSDE). The objective of this Skill Certification Scheme is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood. Individuals with prior learning experience or skills will also be assessed and certified under Recognition of Prior Learning (RPL). Under this Scheme, Training and Assessment fees are completely paid by the Government (Ref https://www.msde.gov.in/pmkvy.html). The key components of the scheme are Short Term Training, Recognition of Prior Learning, Special Projects, Kaushal and Rozgar melas and Placement and monitoring guidelines. The scheme is implemented through NSDC. Further details maybe accessed at http://pmkvyofficial.org/ , https://www.skillindia.gov.in/ and https://www.facebook.com/SkillIndiaOfficial/

Textile Sector Skill Council

Textile Sector Skill Council (TSC) is one of the 40 Sector Skills Councils set up for skilling initiatives under NSDC. It is a non-profit making organization registered under Companies Act 2013 and is mandated to develop a robust ecosystem for skilling in spinning, weaving, processing and hand-loom sectors of the textile industry. Setting of Textile Sector Skill council has also been endorsed by Ministry of Textiles, Government of India vide approval letter dated 6th September 2013.The TSC is an organization represented by Industry, government and academia to develop innovative skill solutions and to investment in skills and job creation. The key objective of TSC is to define the skill requirement of the industry and to create a deployable talent pool of workforce for the textile industry. The Governing Council of TSC, which oversees its functioning, has representatives from 14

Textile industry associations and Export Promotion Councils (Table 1). Some key tasks of TSC is to collect, compile and manage Labour Market Information System (LMIS), build competency framework, evaluation methods and curriculum development in consultation with industry and academia.

TSC has developed 90 Qualification Packs declared as National Standards by NSDC which are NSQC approved and is actively involved in facilitating for skilling in the sector through various Govt funding schemes and CSR initiatives. Several Textile industries and Handloom Organizations have participated and benefited from the various schemes to develop a strong workforce for the sector. As on 5th September, 2019, TSC has 147678 enrolled 470 Training Partners, 20 Assessment Agencies, and 135391 certified candidates. It has been adjudged the Champion SSC by Ministry of Skill Development & Entrepreneur on its 3rd foundation day, received Best SSC Award by National Backward Class Finance & Development Corporation on its 25th Anniversary and Meritorious Performance Award by NSCFDC on its 27th Anniversary. TSC continues its endeavor in this direction with enthusiastic zeal. Further details maybe accessed at www.texskill.in

Table 1. List of Industry bodies having representation on TSC's Governing Council

S. No.	INDUSTRY BODY
1	CITI – Confederation of Indian Textile Industry
2	SIMA – Southern India Mills Association
3	NITMA – Northern India Textile Mills Association
4	RTMA – Rajasthan Textile Mills Association
5	SRTEPC – Synthetic and Rayon Textiles Export Promotion Council
6	TEXPROCIL – The Cotton Textiles Export Promotion Council of India
7	PDEXCIL – Powerloom Development & Export Promotion Council
8	DMA – Denim Manufactures Association
9	ISA – Indian Spinners Association
10	EITMA – Eastern India Textile Mills' Association
11	MOA – Millowners Association, Mumbai
12	MPTMA – The Madhya Pradesh Textile Mills Association
13	ATMA – Ahmedabad Textile Mills Association
14	FIASWI – Federation of Indian Art Silk Weaving Industry
15	Representatives on Rotational Basis from
	NITRA – Northern India Textile Research Association
	BTRA – Bombay Textile Research Association
	SITRA – The South India Textile Research Association
	ATIRA – Ahmedabad Textile Industry's Research Association
16	Representative From O/o Development Commissioner Of Handlooms
17	Representative From NSDC – National Skill Development Corporation
18	Representative From O/o Ministry of Tribal Affairs

MODAL – PERFECT FIT FOR SPORTSWEAR

Mr. Ajay Sardana
CSO and Jt. President, Grasim

Clothing & Clothing Comfort

Clothing is an integral part of human life. Clothing protects from cold or heat to maintain body thermal comfort throughout the full range of human activities. Comfort may be defined as a pleasant state of psychological, physiological and physical harmony between a human being and the environment.

Clothing comfort or the sense of coolness/warmth is one of the important parameters of sportswear. Comfort in fabrics is related to three main factors, namely thermo-physiological, sensorial and physiological.

Moisture Management

Moisture management is an important aspect of any fabric meant for apparel, which decides the comfort level of that fabric. The moisture management properties of a fabric are critical to wearers' comfort, especially in sportswear for moderate to intensive physical activity. Various types of tactile, moisture and thermal interactions between the clothing material and the human skin determine the comfort level of a person at a given environmental condition while engaged in a specific level of activity.

Considerable research has been carried out on ideal structure for sportswear. However, different sports

demand different construction of the garment, though some structures are commonly used. Layered structures are most common structures in that category. The performance of layered structures in thermo-physiological regulation is better than single layer textile structure.

Fabric Design

Layering of fabrics used as garment has major effect on properties such as thermal conductivity, air permeability and moisture vapour transmission. A simple double-face construction is preferred, in which inner face is made of a synthetic fibre, say polyester that is hydrophobic and has a good capillary action; the outer face is made from a hydrophilic fibre like viscose/modal/cotton that absorbs the transported moisture and allows it to evaporate.

Research & development has been carried out to develop a bi-layer knitted fabric that will achieve a high level of clothing comfort for active sportswear. In this regard, moisture management properties of several bi-layer knitted structures made out of Viscose-Polypropylene, Modal-Polypropylene, Viscose-Micorfibre Polyester, Modal-Micorfibre Polyester, Viscose-Polyester, Modal-Polyester and Bamboo-Polyester were studied.

From the research, it can be concluded that the bi-layer knitted fabric (Polyester/Viscose or Polyester/Modal) because of its good moisture management properties are preferred for sporting apparel because they quickly release perspiration from the skin to keep the wearer dry.

The micro-fibre polyester (inner layer) and modal (outer layer) bi-layer knitted fabrics have better moisture management property because of better wetting time, high wetting radius, good absorption rate and good spreading speed of sweat, and hence provide high level of comfort and can be preferred for active sportswear. They are also cooler to the touch compared to polyester cotton structures.

Birla Modal Fibre

Modal is 2nd generation fibre in regenerated cellulosic fibres. Modal as defined by The International Bureau for the Standardization of Man-made Fibres (BISFA) is a distinct viscose fibre genre, which has a higher Wet Modulus (HWM) and satisfies a minimum value of tenacity in the wet stage at 5% elongation.

The superior physical properties of Birla Modal make fabrics last longer with an enduring look and feel. This fibre is extremely well suited for blending with other fibres.

Birla Modal Advantage

Benefits to Spinners	Benefits to Fabricators	Benefits to Wet Processors
Ease of Spinning due to engineered Specification	Clean & efficient working environment	Requires mild Processing
No Need of elaborate preparatory methods for cleaning + short fibre removal	Better product efficiency due to higher elongation	Short Process eliminates processes such as: Desizing, Bleaching, Scouring and Mercerization
Better Productivity	The finished Modal fabric has more cleaner appearance	Savings in Chemicals & Auxiliary
Stronger and Uniform Yarns		Sustainability Advantages – Less Energy consumption, Less Effluents and Less Chemical /Auxiliaries

Birla Modal – End Consumer Benefits

A Rich Heritage	This eco friendly & biodegradable fibreis made from high quality wood pulp, a renewable natural resource
A Technical Marvel	The superior physical properties of Birla Modal make fabrics last longer with an enduring look and feel
Freshness	With Birla Modal in it, even after having been washed many times, the fabrics remain beautifully soft and supple. This makes Birla modal garments the ultimate in fashion and comfort
The Absorbent One	Birla Modal absorbs moisture more quickly than cotton and is doubly as effective as cotton. Even after repeated washes, it remains as supple and absorbent as the day it was made
The Finest One	Superfine counts, which were hitherto, a dream have been made a reality by Birla Modal in pure and blend compositions. This translates to clothing , which is light, superfine, absorbent, soft and bouncy
Brilliant Colours, Unmatched Lustre	Birla Modal imparts colourbrilliance to fabrics and garments which remain bright & true, even after repeated washing. This is because Birla Modal takes up colouruniformly, deeply bringing out the natural brilliance
The Stable Fit	Textiles made from Birla Modal display high dimensional stability both for low shrinkage and uncovered extension .These benefits can be attributed to the morphological structure of Birla Modal which imparts excellent elastic properties
Blends Beautifully	Birla Modal blends with almost all textile fibres

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WHAT AILS INDIA'S COMPETITIVENESS IN APPAREL EXPORTS AND HOW TO ADDRESS IT?

Dr. Ajit Ranade
President & Chief Economist, Aditya Birla Group

Globally, apparel is a $1.8 trillion industry, accounting for about 2.3% of global GDP. Apparel consumption is heavily tilted towards developed markets currently with the European Union and USA contributing to over 41% of global consumption despite accounting for only 11% of the population. **Global apparel demand is estimated to grow at an average annual rate of 5% - rising to about $2.6 trillion by the year 2025** (Wazir Advisors, Annual Report on Indian Textile and Apparel Industry, January 2019). Correspondingly, global apparel trade pie is also projected to grow to $650 bn in 2025 from $480 bn in 2018.

China is the most dominant player in global apparel trade, with more than 30% of the apparel exports originating from China. However, with rising labour costs in China and China's shift towards higher-end industries, China has been ceding market share to other low-cost economies in recent years. This shift is primarily benefiting countries like Bangladesh, Vietnam and Cambodia, while India has failed to take advantage of the shift. In fact, **India's apparel exports have shown a de-growth (CAGR of -3% during 2015 to 2018) when the global apparel trade grew at 3%**.

Country	Share in World Apparel Exports (2015, %)	Share in World Apparel Exports (2018, %)	*Growth in Apparel Exports (2015-2018, CAGR, %)*
China	37.0%	30.2%	*-4%*
Bangladesh	6.0%	7.8%	*12%*
Vietnam	4.9%	6.4%	*13%*
Turkey	3.4%	3.2%	*1%*
Cambodia	1.3%	2.6%	*28%*
India	3.9%	3.3%	*-3%*

Source: Computations based on ITC Trade Map database

A break-out in apparel exports would have boosted jobs creation in a major way for India, but this opportunity is currently being lost on account of various factors; these can be broadly classified into –

(a) **Quantitative factors**, such as market access, factor costs, logistics and infrastructure, etc. and

(b) **Qualitative factors** related to the business model, technological capabilities and structural infirmities.

We attempt to dive deeper into these factors, to identify the key roadblocks and recommend high-impact solutions that could address the key infirmities and build a thriving apparel export sector in India.

1. Quantitative Factors

1.1 Market Access: Our competitor nations have a much better access in the key apparel markets, viz. European Union and US vis-à-vis India because of their LDC status and the trade agreements. Vietnam has a zero-duty access in both these markets, whereas Bangladesh and Turkey have zero-duty access to EU. Compared to these competitors, **India has a 10 percentage points duty disadvantage in the European market and 2.5-5 percentage points duty disadvantage in the US market.**

If we consider average garment import price in these markets to be around $5/piece, the **duty disadvantage to India works out to about 50 US cents/piece in the European market and 12-25 US cents/piece in the US market**, which is a key factor inhibiting India's export competitiveness in these most important apparel exports**.**

1.2. Scale, Productivity and Labour Cost: Due to the legacy effect of the reservation of apparel industry for small-scale industries in the past and due to the restrictive labour laws that have been viewed by the industry as a deterrent for scaling up, India's apparel industry is dominated by sub-scale units. Typical Indian apparel facilities can be upto <1/4th in size vis-à-vis the facilities in Bangladesh, China or Vietnam (BCG report for CII, Oct-2016). This impacts the **labour productivity, which is about 33% less in Indian apparel industry vis-à-vis China and about 26% less vis-à-vis Vietnam.** Comparing against Vietnam, such **lower labour productivity can create cost disadvantage up to 5% for India – which translates to about 15-20 US cents/piece**.

While productivity levels in India are on par with those in Bangladesh, **labour cost in India (~$170/month) is about 60% higher than in Bangladesh**. Thus, India suffers a significant cost disadvantage with competitor nations either on account of the wage rate or labour productivity, which is a key differentiator of export performance.

1.3. Fragmented Supply Chain: India's textile and apparel supply chain is highly fragmented and geographically dispersed. Much of the Fibre production happens in the Western region which goes to South for converting it to yarn and grey fabric. Grey fabric then again comes to Western part for processing. Woven fabrics are being produced in Surat, Delhi NCR, knitwear production happens in Ludhiana, Tirupur whereas garmenting is done in Bangalore, Delhi, NCR, and Ahmedabad. Consequently, there is a lot of movement of materials within the country before apparel is exported. **Based on a typical material flow, the incremental logistics cost amounts to roughly 5.7 US cents/piece of garment**.

1.4. Infrastructure and Macro Disadvantages: The disadvantage from inland logistics cost mentioned earlier is in addition to the macro disadvantages faced by India in terms of poor infrastructure of roads and ports. These are reflected in **higher cost of road transportation and more time taken for port and customs clearances**. Further, few 'Very Large Capacity Containers' (VLCC) come to Indian ports to load cargo, thus **exports have to be trans-shipped** through Colombo which adds to the transportation cost and reduces the flexibility of the manufacturers. Mother vessels are available in India at JNPT port only, scheduled weekly for each destination. However, in competing countries like Bangladesh, Vietnam etc. mother vessels are scheduled twice a week. **As fashion trends change rapidly in the apparel industry, this becomes a major constraint in meeting the delivery schedules**.

Country	Logistics Cost per km (Indexed India = 100)	Time taken at Port for Customs and Clearance (days)	Time taken for shipping from port to US east coast (days)
China	36	1.5	14
Vietnam	100	6	14
Bangladesh	56	10	21
India	100	6	21 (JNPT) / 28 (Chennai/Tuticorin)

Source: Economic Survey 2016-17

Indian apparel producers – like in case of the other Indian industries – also suffer from **higher power costs and higher interest costs** (Wazir Advisors, January 2019). The power cost faced typically by apparel exporters in India is about 11 US cents/kwh vis-à-vis 10.5 US cents/kwh in Bangladesh and 9 US cents/kwh in Vietnam. Similarly, the cost of funds, at around 11-11.5% in India, is roughly double of that in China (5.5%) or Vietnam (6.5%).

Some back-of-the-envelope calculations suggest an impact of the above macro-level and infrastructure factors at around 4-5 US cents/piece.

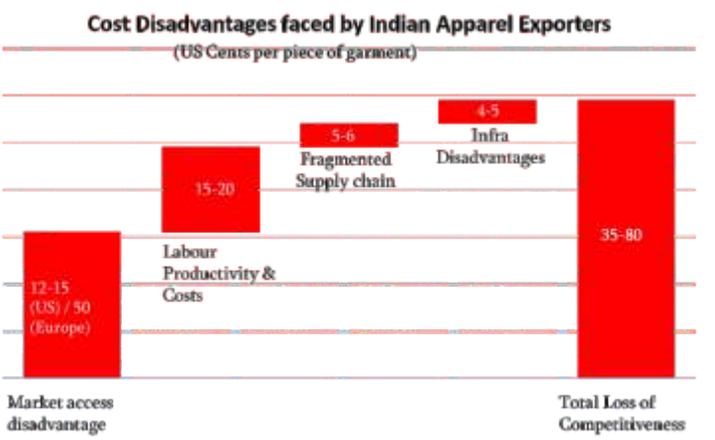
It is pertinent to note that the above infrastructure disadvantages and the appreciating trend in Indian rupee in inflation-adjusted terms has affected India's relative export performance of not only apparel industry, but also of other labour-intensive industries like leather goods and footwear.

Overall Cost Disadvantage: While it is difficult to quantify the impact of all the scale and infrastructure disadvantages that Indian exporters face, **the impact of the major factors mentioned above adds up to about 35 – 80 US cents/piece (or up to 16% of the unit price)**.

2. Qualitative Factors

The key drivers for building a sustainable competitive advantage in the apparel industry are **reliability, high turnaround time and capability to service large orders**; these have become hygiene factors in determining the choices of buyers and often override pure cost-related factors. From the viewpoint of the lead agencies managing the global value chains (GVCs) in apparel industry, "new sourcing destinations are increasingly evaluated based on factors beyond price, with quality, lead time and compliance to social standards the most important considerations" (Duke Global Value Chains Centre, January 2019). Buyers perceive India to be lagging on these factors.

Export Growth during 2014-18 (% p.a.)		
	Footwear	Leather Goods
Bangladesh	10%	Not significant player
Vietnam	12%	9%
India	-1%	-1%



Country	Buyers' Perception of:		
	Quality	Lead time and reliability	Social compliance and Sustainability
China	1	1	3
Vietnam	2	2	2
Indonesia	3	3	1
Cambodia	4	4	4
Bangladesh	5	5	6
India	6	6	5
Countries were ranked from 1-6 on each factor with 1 being the best and 6 being the worst.			

Source: "Apparel in South Asia", World Bank, October 2016

The above could be a function of relatively lower integration of India's apparel sector with the global value chains, as also the fragmented nature and small/medium-scale dominance in the industry. **Unlike many of India's competitor countries, India has not attracted much foreign direct investment (FDI) in the apparel sector – limiting the associated benefits of transfer of technology, productivity improvements and preferential buying through connections with the GVCs**.

categories. This is also true for other segments such as Nano-textiles, home textiles and industrial textiles.

To succeed in these categories, product innovation and nimble-footed supply chain are essential pre-requisites. **The lack of dynamism and innovation in Indian apparel industry can be largely attributed to the small-scale nature of investments and inadequate foreign investment.**

Foreign vs. National Ownership in Apparel Factories (2017-18)

Country	National	Foreign	Joint Venture	Total Factories
Cambodia	3%	97%	0%	263
Vietnam	46%	54%	0%	628
Indonesia	54%	45%	1%	280
China	79%	20%	1%	3387
Bangladesh	79%	20%	1%	579
India	95%	5%	0%	1001

Source: Duke Global Value Chains Centre, January 2019

Additionally, Indian apparel industry also faces the following hurdles –

- **Lack of product innovation and diversification:** Indian textile industry is predominantly a cotton based industry. **Only 24% of the apparels exported from India are made up of man-made fibres (MMF). However, the global apparel consumption is well diversified across fibres with man-made fibres accounting for 70% of global fibre consumption. Therefore, to remain competitive in the global apparel industry, India needs to increase the share of MMF based apparels in its overall apparel export portfolio, which will need innovation leadership in product development.** India is lagging in MMF based product exports due to lack of world class processing facilities leading to issues like pilling and shrinkage and hence losing export opportunity.

  There has not been much investment in latest technologies like Siro compact spinning and finer gauge knitted machines. As a result, **India has not been able to tap into high value addition categories** like Active wear, Intimate Apparel/Loungewear & Outdoor Apparel. India also lacks in certain home textile product categories like Bed linen print categories, machine made carpets and Top of the Bed (TOB)

- **High turnaround time (TAT):** The Indian textile industry has a long and complex supply chain. This affects not only the cycle times, but also the delivery times. **The average TAT in India is around 90 days compared to 30 days for Vietnam/Bangladesh.** Shelf life of fashion driven products is very short, hence high TAT players miss out on the opportunities even if their cost structure is competitive. Global fashion cycle has now become fast-moving with 12-24 design seasons. Many Indian players however still operate in a two-season model due to high TAT.

- **Virtual non-presence in Autumn-Winter Collection:** India does not export much for **Autumn/Winter garment collection, which accounts for up to 60% of the world garment market**, due to lack of man-made fibre fabrics.

These qualitative and 'beyond-cost' factors are important from two perspectives. Many of these factors have become hygiene factors for participating in global value chains – even in terms of competing on the cost platform with the business models of Bangladesh and Vietnam. And secondly, if one were to compete with high-value producers like Turkey, then these factors (product quality, diversification, adapting to fast fashion trends) become even more important as differentiators.

Turkey – Competing on Skills, Scale and Technology
A Case Study

Turkey's leadership in global apparel industry is an interesting case. It has a **high cost structure with average labour cost of $600/month – which is more than thrice that in India and more than five times that in Bangladesh. And yet, Turkey has been a key player in the apparel industry** – a clear differentiator and leader in the high-value segments. Its apparel exports grew at a CAGR of 6.3% during 2001 to 2015; and it has maintained its market share even in the recent years, notwithstanding the emergence of low cost producers in Asia and a highly volatile currency.

The **key success factors for Turkey** have been –

- Textile-friendly policies, Customs Union agreement with EU and FTAs with 21 countries,
- Modern and state-of-the-art machinery,
- Highly skilled workforce with expertise and know-how in product development,
- Clear focus on value-added and specialty products resulting in higher unit value of exports

Interestingly, **Turkey has the entire value-chain from fibre to garments/made ups, which helps it to cater to the orders and to respond to fashion developments very quickly**. Turkey has in place anti-dumping duty on Fibre and on yarn of man-made or synthetic or artificial staple fibres originating from China, India and Indonesia in addition of high import duty (to protect their domestic industry). These policies have helped it to maintain the competitiveness of its upstream industry as well, without sacrificing the competitiveness in the apparel space.
Turkey's case demonstrates that Indian apparel industry needs to focus on the softer aspects of competitiveness in addition to the cost-related factors. In fact, **rather than competing with the low-cost models of Bangladesh or Vietnam, it could be more prudent for India to follow Turkey's model based on skills, scale and technology.**

Emerging Value Driver – Sustainability

In addition to the critical success factors mentioned earlier, Sustainability and circular economy will be a key driver going forward as global brands are moving towards sustainable fashion.

In this context, Viscose Staple Fibre (VSF) emerges as a fibre of choice in the mind of consumers with polyester fibre under scanner in EU/USA. VSF is increasing the preference in the consumer's mind being natural in origin. It is best positioned to leverage this vis-à-vis other MMF. Garments with recycled fibre command significant premium in the market today.

3. Addressing the constraints of India's apparel exports sector

The critical issues afflicting the performance of India's apparel sector pertain to market access, lack of scale and connect with global value chains, fragmented nature of the industry and inadequate focus on product diversification and innovation – apart from the macro constraints of infrastructure.

The approach followed by the government with respect to exemption to the textile and apparel industries from certain restrictive labour laws and creation of a WTO-compliant scheme for reimbursement of domestic non-vatable taxes faced by the industry is in the right direction. In addition, to address the constraints faced by the apparel exporters, the following steps need to be prioritised –

(a) Improving market access for India by focusing on bilateral arrangements with two key markets of labour-intensive manufacturing industries, viz. European Union and the US. India needs to strike FTAs / PTAs with these key markets whereby India can leverage these markets for such industries, including apparel. Unlike FTAs with ASEAN or China, India has relatively less areas of threat from the EU or US.

(b) To address the issues of dispersed value chains, fragmentation, labour productivity and scale disadvantages, India needs to **promote clusters of textile-apparel value chains at locations closer to ports**. This can be done in collaboration with large private industries in the value chain wherein the government can play a role of facilitator for developing these clusters as **pockets of competitiveness** – with necessary infrastructure. Strong clusters would also attract best talent, technology and manufacturing practices. Clustering can help reduce transportation costs too.

(c) In order to improve India's competitiveness on the softer aspects like turnaround time, product diversification, innovation, etc., it is necessary to **integrate more closely with the global value chains**.

(d) More aggressive efforts are needed on the part of the promotional bodies and associations to build 'Brand India', target new markets and attract more FDI into the sector, which will also help in this regard.

(e) In order **to align Indian textile-apparel value chain to the international pattern of fibre consumption, India needs to promote the man-made fibres** and at least end the discrimination against man-made fibre by adopting a fibre-neutral taxation regime.

(f) The industry needs to focus on **value-added exports leveraging innovation, sustainability and lower turnaround time**. While greater orientation to the man-made fibres, creation of clusters and higher FDI will be important drivers of such a focus, all government interventions (such as market support initiatives, technology upgradation) need to be aligned to this focus.

The above initiatives would address the most critical hurdles being faced by the Indian apparel sector, viz. market-access, sub-scale operations and dispersed supply chain; thereby offsetting much of the infirmities affecting the competitiveness of Indian apparel sector. These initiatives would also improve the future-readiness of the sector and allow it to participate in the global apparel opportunity more forcefully.

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Manufacturing Units

- ★ **Birla Textile Mills (BTM)**
- ★ **Chenab Textile Mills (CTM)**
- ★ **Rajasthan Textile Mills (RTM)**
- ★ **Damanganga Home Textiles (DHT)**

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CITI DEMANDS ROSCTL FOR YARN AND FABRIC EXPORTS

New Delhi, Monday, 19th August 2019: The Indian Textile and Apparel Industry, the largest Industrial Employer of the Indian Economy today suffers from various infirmities and thus lack export competitiveness in the international markets", said Shri Sanjay K. Jain, Chairman, CITI.

Mr. Jain stated that CITI analysis of the quick estimates of Exports of T&A for July 2019 shows that there is an increase in the exports of Apparel while exports of Cotton Yarn and Fabrics have declined by 9.98% and 10.54%, respectively on Year-On-Year and cumulative basis, as shown below in Table-1.

Table-1: CITI Analysis of Exports of T&A for July 2019 (In US$ Million

Particulars	July-18	July-19	% Change	Apr'18-July'18	Apr'19-July'19	% Change
Cotton Yarn/Fabs./made-ups, Handloom Products, etc.	915.41	824.01	-9.98%	3738.99	3344.86	-10.54%
Man-made Yarn/Fabs./made-ups etc.	376.39	399.32	6.09%	1616.61	1554.31	-3.85%
Jute Mfg. including Floor Covering	28.90	30.58	5.81%	104.98	109.13	3.95%
Carpet	112.77	123.40	9.43%	467.02	469.39	0.51%
Handicrafts excl. handmade carpet	150.54	151.68	0.76%	594.53	614	3.27%
Textiles	1584.01	1528.99	-3.47%	6522.13	6091.69	-6.60%
Apparel	1274.65	1364.67	7.06%	5320.49	5535.09	4.03%
Textile and Apparel	2858.66	2893.66	1.22%	11842.62	11626.78	-1.82%

Source: DGCI&S and Press Information Bureau

Mr. Jain pointed out that the change in the trends of exports of Apparel and Cotton Yarn/ Fabrics is mainly due to the Scheme "Rebate of State and Central Taxes and Levies (RoSCTL)" announced by the Government of India in March 2019 for the Apparel and Made-ups. RoSCTL scheme has been introduced to provide reimbursement of Central and State Taxes to make sure that taxes are not exported along with the products. However, Yarn and Fabric Segments have been kept out of the same, hence both the sectors are at present suffering badly and exports are declining while others for which RoSCTL is granted have shown growth. Its pertinent to note that some categories like Cotton Yarn has seen a Year-On-Year fall of 35% in exports in the first quarter of the Financial Year while in June month only it was at a staggering 50% low.

CITI Chairman also pointed out that there is a downfall in India's position in global T&C exports (Table-2). India, which was the world's second largest exporter of T&C products in 2014-17 after China, fell to 5th position in 2018 as Germany, Bangladesh and Vietnam stepped in. Further, India is also witnessing a substantial increase in T&C imports during the past five years (Table-3).

Table-2: India's Exports of Textiles & Apparels

India's Exports	Value (US$ Bn)		Global Ranking	
	2017	2018	2017	2018
Textiles	19.9	21.4	3rd	3rd
Apparels	17.3	15.7	6th	6th
T&A Combined	37.2	37.1	2nd	5th

Source: ITC Trade Map

Table-3: India's Exports & Imports of T&C (US$ Bn

Particulars	FY 15	FY 19	% Change
Exports	37.7	37.5	- 0.4%
Imports	6.0	7.4	22.8%
Share of T&A in Total Exports	12.1%	11.4%	
Share of T&A in Industrial Production	14%	7%	

Source: DGCI&S & Ministry of Textiles

Mr Jain stated that the space vacated by China in T&C products has been largely consumed by Bangladesh, Vietnam, Pakistan and others LDCs. While, India on the other hand, has not been able to capture the space vacated by China due to its competitive disadvantages and trade barriers in the international markets.

Mr. Jain further stated that the obvious reasons for lacking export competitiveness in the international markets are the high costs of raw materials and embedded State and Central taxes which are not refunded to the exporters at any stage, amongst others. This makes our intermediate and final products costlier. The estimated calculations shows that Cotton Yarn and Fabrics has non refunded taxes 5 to 6% of FOB value, and this is where Indian products lack export competitiveness to our immediate competitors like China, Vietnam, Indonesia, Sri Lanka, Bangladesh, etc. Many of our competitors, especially the Least Developed Countries (LDCs) have the advantage of differential duties in major export markets like USA, EU, China and India as well.

CITI Chairman makes an earnest appeal to the Hon'ble Prime Minister of India, Shri Narendra Modi Ji and to the Government of India to extend the benefits of currently announced RoSCTL to the Yarn and Fabric Segments as well to help the textile Industry to boost up its export competitiveness in the international markets to achieve higher growth trajectory and generate more employment opportunities to the masses, especially youths and women workforce.

Mr Jain concluded by saying, India has all the potential to become a super-power in Textile and Apparel and is second to none in terms of technological advancement and quality of the products, however, it requires the Government support through policy reforms to make it not only globally competitive but an **Epicentre – Make In India** – for sourcing textile products, which is also one of the biggest dreams of our Hon'ble Prime Minister.

CITI Delegation welcoming Hon'ble Union Minister of Commerce & Industry Shri Piyush Goyal on August 26, 2019

CITI Delegation discussing T&C industry issues with Hon'ble Union Minister of Commerce & Industry Shri Piyush Goyal on August 26, 2019

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

Description	July'18	July'19	% change	Apr'18-July'18	Apr'19-July'19	% Change	% share of total Apr'18-July'18	% share of total Apr'19-July'19
Textiles and Made-ups								
Cotton								
COTTON RAW INCLD. WASTE	198	31	-84%	814	174	-79%	6%	1%
COTTON YARN	332	186	-44%	1395	881	-37%	11%	7%
COTTON FABRICS, MADEUPS ETC.	474	519	9%	1885	1992	6%	15%	17%
	1,004	**735**	**-27%**	**4,094**	**3,047**	**-26%**	**32%**	**25%**
Jute								
JUTE, RAW	1	1	-3%	4	4	18%	0%	0%
JUTE YARN	1	1	12%	4	4	-11%	0%	0%
JUTE HESSIAN	10	10	-4%	37	36	-5%	0%	0%
OTHER JUTE MANUFACTURES	14	14	4%	47	48	3%	0%	0%
FLOOR CVRNG OF JUTE	4	6	32%	17	22	31%	0%	0%
	30	**31**	**5%**	**109**	**114**	**5%**	**1%**	**1%**
Silk								
SILK,RAW		0.04		0.00	0.08	2319%	0%	0%
SILK WASTE	2	1	-26%	8	4	-41%	0%	0%
NATRL SILK YARN,FABRICS,MADEUP	4	4	4%	17	18	4%	0%	0%
SILK CARPET	1	3	75%	3	8	199%	0%	0%
	7	**8**	**13%**	**27**	**30**	11%	**0%**	**0%**
Wool								
WOOL, RAW	0.09			1	0	-84%	0%	0%
WOLLEN YARN,FABRICS,MADEUPSETC	12	16	32%	65	67	3%	1%	1%
	12	**16**	**31%**	**66**	**67**	3%	**1%**	**1%**
Manmade								
MANMADE STAPLE FIBRE	50	50	0%	203	197	-3%	2%	2%
MANMADE YARN,FABRICS,MADEUPS	376	399	6%	1617	1558	-4%	13%	13%
	426	**449**	**5%**	**1,820**	**1,755**	-4%	**14%**	**15%**
Others								
CARPET(EXCL. SILK) HANDMADE	111	119	7%	465	459	-1%	4%	4%
COIR AND COIR MANUFACTURES	22	27	25%	102	117	15%	1%	1%
HANDCRFS(EXCL.HANDMADE CRPTS)	151	152	1%	594	608	2%	5%	5%
HANDLOOM PRODUCTS	26	32	24%	116	124	7%	1%	1%
OTH TXTL YRN, FBRIC MDUP ARTCL	33	39	18%	145	157	8%	1%	1%
	343	**370**	**8%**	**1,422**	**1,465**	**3%**	**11%**	**12%**
Total Textiles and Made-ups	**1,822**	**1,609**	**-12%**	**7,538**	**6,479**	**-14%**	**59%**	**54%**
Apparel								
RMG COTTON INCL ACCESSORIES	681	759	11%	2833	3042	7%	22%	25%
RMG MANMADE FIBRES	306	322	5%	1343	1344	0.10%	10%	11%
RMG OF OTHR TEXTLE MATRL	251	255	1%	1005	1037	3%	8%	9%
RMG SILK	13	9	-31%	62	50	-18%	0%	0%
RMG WOOL	23	20	-14%	77	59	-23%	1%	0%
Total Apparel	**1,275**	**1,365**	**7%**	**5,320**	**5,533**	**4%**	**41%**	**46%**
Grand Total	**3,097**	**2,974**	**-3.97%**	**12,858**	**12,012**	**-7%**	**1**	**100%**

Data Source: CITI Analysis based on DGCI&S, As extracted on 06th September 2019

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

Description	July'18	July'19	% change	Apr'18-july'18	Apr'19-july'19	% Change	% share of total Apr'18-July'18	% share of total Apr'19-july'19
Textiles and Made-ups								
Cotton								
COTTON RAW INCLD. WASTE	69	218	214%	305	514	69%	12%	18%
COTTON YARN	2	2	-12%	7	6	-8%	0%	0%
COTTON FABRICS, MADEUPS ETC.	41	57	38%	154	189	22%	6%	7%
	113	**277**	**146%**	**466**	**709**	**52%**	**18%**	**25%**
Jute								
JUTE, RAW	2	2	14%	14	6	-55%	1%	0%
JUTE YARN	4	6	49%	14	17	20%	1%	1%
JUTE HESSIAN	2	4	78%	8	12	54%	0%	0%
OTHER JUTE MANUFACTURES	5	6	31%	20	27	36%	1%	1%
FLOOR CVRNG OF JUTE	0	0	70%	1	0	-44%	0%	0%
	13	**18**	**41%**	**56**	**62**	**11%**	**2%**	**2%**
Silk								
SILK,RAW	14	17	17%	43	56	30%	2%	2%
SILK WASTE	0	0	225%	1	1	3%	0%	0%
NATRL SILK YARN,FABRICS,MADEUP	4	4	20%	18	16	-11%	1%	1%
SILK CARPET		0	0.0%		0		0%	0%
	18.1	**21.6**	**19%**	**62.0**	**73.0**	**18%**	**2%**	**3%**
Wool								
WOOL, RAW	34	18	-48%	126	92	-27%	5%	3%
WOLLEN YARN,FABRICS,MADEUPSETC	8	12	55%	35	40	15%	1%	1%
	42	**30**	**-28%**	**161**	**132**	**-18%**	**6%**	**5%**
Manmade								
MANMADE STAPLE FIBRE	33	49	50%	142	174	22%	6%	6%
MANMADE YARN,FABRICS,MADEUPS	175	211	20%	754	773	2%	29%	27%
	208	**260**	**25%**	**896**	**946**	**6%**	**35%**	**33%**
Others								
CARPET(EXCL. SILK) HANDMADE	8	10	22%	34	43	28%	1%	1%
COIR AND COIR MANUFACTURES	0	1	678%	1	3	94%	0%	0%
HANDCRFS(EXCL.HANDMADE CRPTS)	69	72	4%	272	273	0.45%	11%	9%
HANDLOOM PRODUCTS	1	2	33%	5	4	-14%	0%	0%
OTH TXTL YRN, FBRIC MDUP ARTCL	83	81	-3%	312	302	-3%	12%	10%
	162	**165**	**2%**	**624**	**626**	**0.34%**	**24%**	**22%**
Total Textiles and Made-ups	**555**	**771**	**39%**	**2,265**	**2,548**	**12%**	**88%**	**88%**
Apparel								
RMG COTTON INCL ACCESSORIES	52	58	11%	150	174	16%	6%	6%
RMG MANMADE FIBRES	28	31	11%	78	91	16%	3%	3%
RMG OF OTHR TEXTLE MATRL	19	19	-4%	62	70	13%	2%	2%
RMG SILK	1	0	-35%	2	2	-23%	0%	0%
RMG WOOL	1	2	38%	4	4	6%	0%	0%
Total Apparel	**101**	**109**	**8%**	**297**	**341**	15%	12%	12%
Grand Total	**656**	**880**	**34%**	**2,562**	**2,889**	**13%**	**100%**	**100%**

Data Source: CITI Analysis based on DGCI&S, As extracted on 06th September 2019

MONTHLY EXPORT UPDATE ON TEXTILE AND CLOTHING (JULY 2019)

Monthly Export Updates of Textile and Clothing (Values in INR Crore)

Export catagory	July-18	July-19	% Change	Cumulative (Apr'18-July'18)	Cumulative (Apr'19-July'19)	% Change
Cotton Yarn/Fabs./made-ups, Handloom Products etc.	6288.30	5669.89	-9.83%	25250.29	23203.04	-8.11%
Man-made Yarn/Fabs./made-ups etc.	2585.53	2747.64	6.27%	10898.03	10780.74	-1.08%
Jute Mfg. including Floor Covering	198.52	210.39	5.98%	709.49	756.76	6.66%
Carpet	774.66	849.11	9.61%	3150.11	3255.65	3.35%
Handicrafts excl. handmade carpet	1034.14	1043.67	0.92%	4004.36	4259.89	6.38%
Sub-Total Textiles	**10881.15**	**10520.70**	**-3.31%**	**44012.28**	**42256.08**	**-3.99%**
Apparel	**8756.04**	**9390.06**	**7.24%**	**35853.38**	**38398.47**	**7.10%**
Textile and Clothing	**19637.19**	**19910.76**	**1.39%**	**79865.66**	**80654.55**	**0.99%**
All Commodity	**176914.60**	**181190.3**	**2.42%**	**726842.89**	**745174.85**	**2.52%**
% of T&C in Total Exports	**11.10%**	**10.99%**		**10.99%**	**10.82%**	

Source: DGCI&S

MONTHLY EXPORT UPDATE ON TEXTILE AND CLOTHING (JULY 2019)

- India's textile and clothing exports were up by 7.06% from US$ **2858.66** mn. in July 2018 to US$ **2893.66** mn. in July 2019. However, all commodity exports of India were up by 2.25% in July 2019 over the same month of previous year. Also, the share of textile and clothing in India's total exports declined by 0.11% in July 2019 on YoY basis.
- Cumulative textile and clothing exports during April'19- July 2019 was to the tune of USD **11842.62 mn.** as against USD **11626.78 mn.** in April'18 – July 2018 indicating a decrease of -1.82%. During the April'19 - July 2019 textile exports decreased by -6.60% while clothing (excluding textiles) increased by 4.03%.
- During April'19 – July 2019, the exports of two T&A subsectors have registered negative growth as compared to April'17–January 2018:
  - Cotton Yarn/fabric/made-ups, Handloom Products etc by -10.54%
  - Man-made Yarn/fabric/made-ups etc. by -3.85%
- While export of other subsectors have increased:
  - Handicrafts excl. handmade carpet by 3.27%
  - Carpets by 0.51%
  - Apparel by 4.03%
  - Jute Mfg. including Floor Covering by 3.95%

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

Export catagory	July-18	July-19	% Change	Cumulative (Apr'18-July'18)	Cumulative (Apr'19-July'19)	% Change
Cotton Yarn/Fabs./made-ups, Handloom Products etc.	915.41	824.01	-9.98%	3738.99	3344.86	-10.54%
Man-made Yarn/Fabs./made-ups etc.	376.39	399.32	6.09%	1616.61	1554.31	-3.85%
Jute Mfg. including Floor Covering	28.90	30.58	5.81%	104.98	109.13	3.95%
Carpet	112.77	123.40	9.43%	467.02	469.39	0.51%
Handicrafts excl. handmade carpet	150.54	151.68	0.76%	594.53	614	3.27%
Sub-Total Textiles	**1584.01**	**1528.99**	**-3.47%**	**6522.13**	**6091.69**	**-6.60%**
Apparel	**1274.65**	**1364.67**	**7.06%**	**5320.49**	**5535.09**	**4.03%**
Textile and Clothing	**2858.66**	**2893.66**	**1.22%**	**11842.62**	**11626.78**	**-1.82%**
All Commodity	**25754.24**	**26332.63**	**2.25%**	**108226**	**107412.8**	**-0.75%**
% of T&C in Total Exports	**11.10%**	**10.99%**		**10.94%**	**10.82%**	

Source: DGCI&S

QUICK ESTIMATES OF IIP FOR TEXTILE AND CLOTHING SECTOR (T&C): JUNE 2019

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

Sector	June-18	June-19	April - June 2019
Textiles	-3.35%	-3.9	0.1
Wearing apparel	11.36%	6.7	14.7
*T&C Sector**	1.56%	-0.30%	4.89%

*Source: Ministry of Statistics Planning & Implementation & CITI Analysis**

- The General Index for the month of June 2019 is **2.0** percent higher as compared to the level in the month of June 2018. The cumulative growth for the period April-June 2019 over the corresponding period of the previous year stands at **3.6** percent.
- Textiles (excluding apparels) were down by (-) **3.9** percent, Wearing Apparel was up by (+) **6.7** percent in June 2019 over the same month previous year.
- Cumulative change for April- June 2019 for textiles was up by (+) **0.1** percent and wearing apparel was up by (+) **14.7** percent over the same period previous year.
- Textile and clothing industry, as a whole, declined by 0.30 percent in June 2019 over the same month previous year while it is up by 4.89 percent during cumulative period April-June 2019 over the same period previous year.

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Individual Spindle Monitoring System

Ultimate Monitoring Solution for Ring Spinning Machines to optimise Energy, Man Power, Productivity and Quality with Individual sensor for each Spindle: updates LIVE information on Production, Yarn Break Data, Yarn Piecing Time, Machine Idle, Doff Duration, Rogue Positions, Efficiency, Kwhr per kg, Slip Spindles and Exceptions.

intelligent QUALITY

Individual Spindle Lamps

Distinguishes Yarn Break, Rogue, Slip & Idle Spindles

End Breaks are Identified in less than a second

LCD Status Board

Large LCD Status Boards for LIVE information

24X7 Real Time Suspension

Instant Alerts

Receive SMS Alerts Count wise

Email reporting to user defined executive personnel

Draft Monitoring

Online Draft info & Alerts

Energy Monitoring

Power Info & UKG

Central Dash Board and information System

View the LIVE information on Count, Machine group, Operator Machine side, Spindles etc.,

Unique Trend and Comparison analysis for **quick interpretation**

Section Lamps

Differentiates the Ring frame section which requires attention:

For the Machine operator with flashing while LED

For the Maintenance staff **with flashing Green LED**

Smart Display

View End Breaks, Idle, Slip, Rogue, End Mending Time and Efficiency instantaneously

Decide the Machine side which needs immediate attention

- Instant Signal (Fraction of a second)
- Wi-fi - Easy & Quick Installation Zero Maintenance
- Receive Instant Information and Alerts
- Return On Investment (ROI) in months for users

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