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'ATMANIRBHAR BHARAT'
AND
THE TEXTILES & CLOTHING INDUSTRY

Chairman's Word

Dear Friends, the economies of the world and India in particular continue to suffer due to the unprecedented Covid-19 Pandemic hit. The prolonged lockdown compliance is greatly affecting the routine life, manufacturing, business activities and the financial performance of the textiles and clothing industry. Though most of the textiles units started operations, the demand is sluggish due to the closure of retails and shops. However, Government under the leadership of Hon'ble Prime Minister has been taking series of remedial measures to mitigate the worst ever crisis and achieve Atmanirbhar Bharat – a Self-reliant India. The historical reforms brought by the Government for the MSME sectors, especially the criteria for MSME eligibility, linking investment value to ITR, exempting export turnover, etc., have prevented closure of several lakhs of units and job losses for millions of people.

The encouragement given by the Government especially Hon'ble Union Minister of Textiles has enabled the country to become second largest manufacturer of PPE manufacturing in just less than two months and today has become a net exporter. I am happy to inform you that the Government is set to launch the Focused Product Investment Scheme to attract investments in the Manmade fibre segment and is in the advanced stage of finalising setting up of integrated mega textile parks and creating national textile fund that would enable us to improve our global competitiveness.

Though the MSME financial relief measures and export benefits have greatly benefitted the various segments under this sector, it essential to revive the larger textile units from the financial crisis that support the MSME sector by advising the banks to extend all the benefits already announced by the RBI and also extend one time debt restructuring facility with liberal financial norms. It is also essential to issue clear guidelines for the repayment schedules of the principal and interest accrued during the Covid-19 moratorium period as the banks in general impose their own conditions that would cause great hardship to the ailing industry.

CITI has appealed to the RBI Governor to address the issue of liquidity crises of the entire T&A Sector by taking certain measures like directing all the banks to lend 25-30% extra working capital to T&A industries for which Government of India may extend partial guarantee, allowing conversion of part of Working Capital facilities availed by Retail Businesses into Working Capital Term Loan (WCTL) and reassessment of working capital limits, removing NPA classification temporarily for all businesses availing restructuring or refinancing due to the Covid-19 crises.

Friends, Indian Textile Sector is no exception and in fact has been amongst the worst sufferers if it is compared with other sectors of the economy. The export of textiles and allied products during 2019-2020 has stood at USD 34 billion which is 8% lower than the previous year's figure of USD 37 billion. However, in

the same period, imports of textiles have increased by 11%. Similarly, export of cotton yarn has declined by 29% in 2019-20 when compared to the previous year. i.e. USD 2,760 million during 2019-20 as compared to USD 3,895 million during 2018-19. Sharp declines have been recorded in all the major export markets like China (-51%), Bangladesh (-23%), Vietnam (-18.5%) and South Korea (- 28.46%). While, the exports of cotton fabrics and made-ups have increased marginally. In order to obtain global competitiveness and mitigate tariff barriers, we have appealed to the Government to include yarns and fabrics under all the existing export benefits, viz., IES, MEIS and RoSCTL and also under RoDTEP (Refund of Embedded Duties and Taxes).

Recently, CITI organised a series of Webinars like e-conference on "Rebooting the Textile & Apparel Industry" in association with MEX Exhibitions and Messe Frankfurt India and "The Future of the Textile and Apparel Sector - An Indo-African Perspective: Challenges and Opportunities" in association with International Trade Center (ITC), Support of Indian Trade and Investment for Africa Initiative (SITA) and other organisations. The idea was to review the trade scenario during and post Covid-19 Pandemic and discuss how India and other nations can overcome the present challenges and convert them into opportunities and utilise the conditions in their favour.

I could also give my view points for promotion of trade and investment between India and Japan during the "India - Japan Video Conference on Textile Sector - Challenges & Emerging Opportunities" organised by Embassy of Japan. Japan is desperately looking for alternative destinations for re-location of its companies operating from China and India must grab this opportunity. There is a huge opportunity for the textile sector provided India achieve technical know-how on speciality fibres that is a pre-requisite for the textile products used in Japan. Similarly, there is also a huge scope for Japanese firms in the field of technical textiles as India is one of the fastest growing nations in the world in terms of infrastructure development and looking for a partner who can support India develop its infrastructure at a great pace.

I am very much hopeful that the textile and apparel industry would emerge victorious from the current pandemic crises and very soon become self-reliant in the textile value chain.

T. Rajkumar

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Post Covid-19 lockdown, we have a new vision and a well-defined mission of attaining self-reliant India -'Atmanirbhar Bharat' laid down by our Hon'ble Prime Minister, Shri Narendra Modi Ji. The Hon'ble Prime Minister observed that in order to fulfil the dream of making the 21st century India's, the way forward is through ensuring that the country becomes self-reliant. Talking about turning a crisis into an opportunity, he gave the example of PPE kits N-95 masks, whose production in India has gone up from almost being negligible to 2 lakh each, on a daily basis.

The Hon'ble Prime Minister remarked that the definition of self-reliance has undergone a change in the globalized world and clarified that when the country talks about self-reliance, it is different from being self-centred. This clarion call of 'Atmanirbhar Bharat' (self-reliant India) is to fight and win the war against the novel coronavirus and to emerge as a global leader in the coming years. He clarified that Atmanirbhar Bharat means that we will become stronger and embrace the world and will be fully integrated with the world economy and also supportive. He observed that the crisis has taught us the importance of local manufacturing, the local market and local supply chains. All our demands during the crisis were met 'locally'. Now, it is time to be vocal about the local products and help these local products become global.

The Hon'ble Prime Minister urged the Indian industry to invest in Robust Local Supply Chain that strengthens India's stake in the Global Supply Chain. Championing the call for 'Made in India, Made for the World', the Hon'ble Prime Minister stressed on "sector-wise structural reforms" to revive growth. Prime Minister remarked that self-reliance will prepare the country for tough competition in the global supply chain, and it is important that the country wins this competition.

As pointed out by Hon'ble Union Ministry of Commerce and Industry, Shri Piyush Goyal Ji, “the principle of Atmanirbhar Bharat didn't mean the country was going to be inward-looking. Whatever we have to import and is of high quality, we will import. All countries in the world are balancing their trade”.

According to NITI Aayog CEO, Shri Amitab Kant, “Innovation is the key to success for economic growth and Atmanirbhar Bharat is not anti-globalisation. It is about getting the best from the world. It is not about protectionism. It is about enhancing the ability of Indian companies to create world-class products and capture the domestic market and then use the strength of the domestic market to penetrate into the global market. It is about being a global champion.”

It is heartening to know that the Textile Sector is one of the “Champion Sectors” identified by the Government to provide hand-holding for investors with a focus on improving India's manufacturing capabilities. An action plan for 12 champion services sector identified by the Ministry of Commerce and Industry for special focus has received Cabinet approval. A Rs 5,000-crore fund is proposed to be established to activate the plan for realising their full potential. Other major developments favourable to the textile sector are that the Ministry of Textiles under the able leadership of Hon'ble Union Minister of Textiles, Smt Smriti Zubin Irani Ji is set to launch the Focused Product Investment Scheme to attract investments in the Manmade fibre segment and is in the advanced stage of finalising in setting up of 10 integrated mega textile parks closer to ports (with parks having minimum land size of 1,000 acres) and creating a national textile fund that would enable us to improve our global competitiveness.

Indian Textile sector can indeed play a vital role in achieving the desired self-sufficiency as the sector has inherent strength in all segments of the textile value chain and ready to serve the entire world especially EU and USA which are the biggest markets for our textile products. India is the world's largest producer of cotton and jute and the second-largest producer of man-made fibres — polyester and viscose. Over the years, the country has established a large spinning, weaving and

apparel making capacity to convert the abundant available raw materials like cotton, jute, wool, silk, etc into a wide variety of end-products. India also has abundant skilled manpower in the textile sector, a strong domestic market and favourable demographics.

After the outbreak of Covid-19, the Indian textile sector is witnessing a drastic shift from traditional products to new and innovative ones, such as PPEs, N-95 masks and technical textiles. As we are currently in the Unlock 3.0 Phase, the textile industry has ventured out afresh on its new journey, achieving new milestones each day with PPE kits and anti–corona fabrics development.

However, India's textile sector has a long way to go before it achieves economies of scale to challenge China's dominance in world markets. Post Covid-19, owing to supply chain disruption in China, India should capture high value-added products like blazers and overcoats. India can become a reliable sourcing destination due to the recent developments in the global textile market. It can be a boon for India if a significant share of the investments exodus from China can be captured by the Indian Textile Industry through innovative consistent policies and attractive investment schemes. This requires technological advancements and gearing up for natural transition towards high value-added products across the textile value chain.

Yet, despite its many advantages, Indian productivity, technology and products lag behind countries such as Bangladesh and Vietnam, who have built their capabilities fairly recently. Some reasons for the stagnation in Indian textile exports are the low scale of operations, preference for cotton over other fibres and lack of trade agreements with other countries.

In a post-Covid-19 world, raising the “Competitiveness” of the Textile sector is the most important task that should be worked out as it is making India uncompetitive in the global textile market, particularly to Bangladesh, Vietnam, etc. Enhancing market access to other new geographical areas like Latin America, EU, Africa, etc needs to be explored as one of the options to come out of the present crisis. If the global competitiveness of the Indian T&C is enhanced by announcing a special stimulus package for a period of two years, by including the entire textile value chain under RODTEP Scheme and a level playing field is created, India has the potential to become the second-largest exporter, next only to China. The immediate need of the hour is to make the Indian textile and apparel industry globally competitive. Primarily, our lack of cost competitiveness in textile value chain export is due to embedded state-level taxes/levies which are not refunded at any stage.

CITI has been actively participating and organizing webinars to get a contextual understanding of the various immediate issues erupted due to the pandemic. CITI in association with International Trade Centre (ITC), Support of Indian Trade and Investment for Africa Initiative (SITA) and others organized a webinar on “The Future of the Textile and Apparel Sector - An Indo-African Perspective: Challenges and Opportunities”. CITI also participated in the webinar hosted by the Indian Embassy in Japan to explore the possibilities of enhancement of trade and investments in Textiles and Clothing between the two countries. Further, CITI in association with Gartex Texprocess India organized a half-day virtual conference on “Rebooting the Textile & Apparel Industry” where dignitaries from the textile and apparel industry discussed about global opportunities, productivity and competency challenges, measures to support the entire value chain and future of textile and apparel industry.

I am sure, with the able guidance of Hon'ble Union Minister of Textiles and the support of the Ministry of Textiles and all stakeholders, the Indian textile sector will gear up to make the 'Atmanirbhar Bharat (self-reliant India)' mission a reality soon. For this, the Indian Textile Industry has to be more confident, resilient and carve out a future from its unique advantages and be sustainable. The Indian textile industry should use this Covid-19 crisis as an opportunity to scale up its production and become a sourcing hub for global textile and clothing products.

Dr S Sunanda
Secretary General - CITI

'ATMANIRBHAR BHARAT'

AND THE TEXTILES AND CLOTHING INDUSTRY

Mr. Chinmaya Goyal
Senior Manager- Policy Group, E&Y

Global economics and geopolitics have been in a state of flux since COVID-19, the global pandemic, hit the world. Economic activity has been severely restricted to an unprecedented degree in modern times. Policy makers have been scrambling with economic packages to retain some life in their economies with the hope that when these difficult times end, the economies can start flourishing again. There is also a recognition that there would now be a 'new normal' for businesses to learn and adapt to.

Under these challenging circumstances, the Prime Minister has announced the Atmanirbhar Bharat Abhiyan, which is about creating new opportunities within the times of crisis. Besides a stimulus package, largely consisting of monetary and liquidity support for the economy, the Atmanirbhar Bharat Abhiyan, also consist of various economic reforms. These have been undertaken to attract greater investments and create growth across multiple sectors. This is the need of the hour as rapid economic growth is necessary for creating jobs for the increasing working age population in the country. Going forward, as part of the Atmanirbhar Bharat Abhiyan, Government will look to enact positive policy measures and making strategic investments to facilitate growth of the industries having the greatest growth promise. As such a new look industrial policy is taking shape in the country.

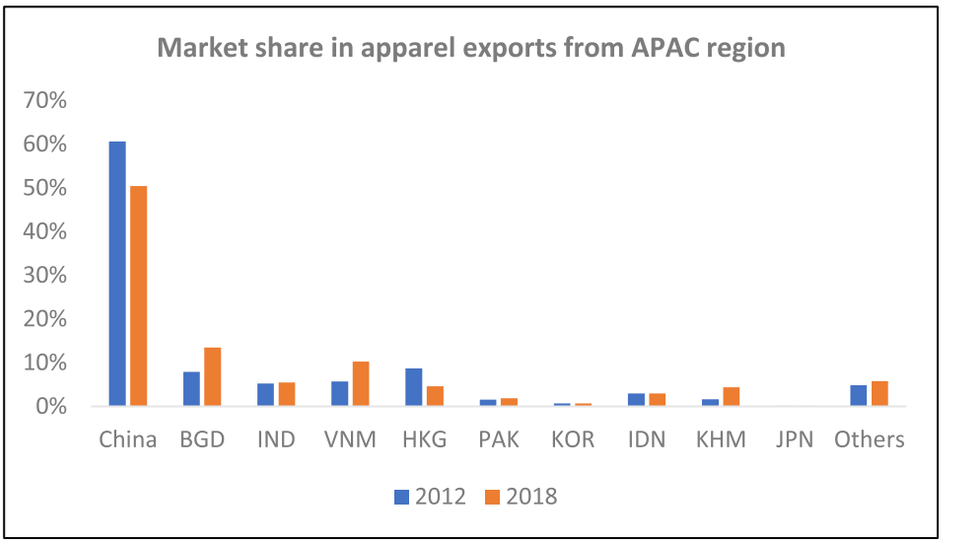
What could be the role of the textiles and clothing (T&C) industry in this?

Targeting Textiles and Clothing through the Atmanirbhar Bharat Abhiyan

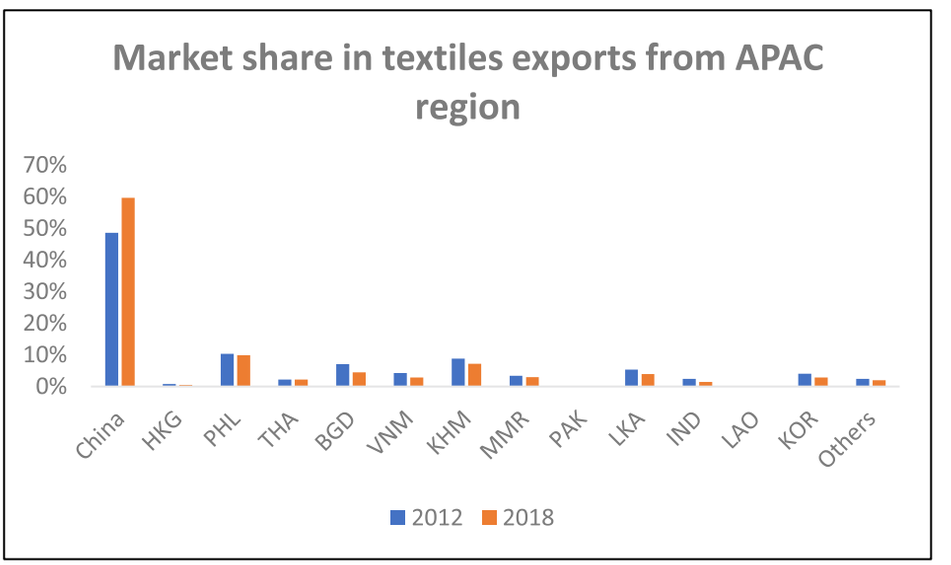
Atmanirbhar literally translates to self-reliance. The Government has defined Atmanirbharta to mean building capabilities in the country which are lacking currently and in making the domestic industry competitive. The T&C industry has been one of India's strongest manufacturing sectors. It has large potential for growth and employment generation. For example, as per our assessment, job growth potential in the clothing sector is several times than of electronics, given similar investment and output. Going forward, there will be a large opportunity in the global market even in the post-COVID scenario.

Like in other areas, in T&C sector too, China has developed a massive dominance over the last 15-20 years, particularly after the end of the multi-fibre agreement (MFA). In the last decade, however, China has started shifting to higher-value production with more R&D and capital intensity. This is borne out of necessity as the labour cost in China has been fast increasing (nearly doubled between 2012 to 2017). The result has been China losing its competitiveness in the clothing segment, albeit at a slow pace. However, even if we assume that the current rate of vacation of exports continues for China continues in the clothing sector, this represents additional opportunity of about $5 billion annually for other countries to grab. However, the actual opportunity is likely to grow even faster depending on the extent to which geopolitical changes translate to economic outcomes. COVID-19 has led to various countries becoming conscious over the risks of over-dependence on particular countries in global trade in critical sectors. China, as the world's largest manufacturer, is at the centre of these changes. Various countries, such as the United States (US), Japan, Australia, the European Union (EU), and India, have taken or are considering measures to decouple to some extent from China. Thus, it is possible that various factories in both the textiles and clothing segments relocate from China to other countries.

However, there is also reason for caution. Displacing China from the global value chains is not easy as it has several entrenched advantages. Even as it has reduced its market share for clothing exports, its market share in the textiles (particularly fabrics) has increased by almost similar value. Looking through the exports made by APAC countries, in six years, China has lost market share in the apparel exports, of which over 80% has gone to Bangladesh and Vietnam till now. But with favourable policies and a national focus, India has a golden opportunity to target a larger share of the global market. There is a potential for increasing exports by $60-$90 billion in the T&C sector in the next 5-7 years, in addition to the growing domestic demand.



Source: WITS data; EY TEPG Analysis



Source: WITS data; EY TEPG Analysis

For the success of the Atmanirbhar Bharat Abhiyan, it is important for domestic demand to be strong to power future economic growth. But with economic slowdown and COVID-19 shock, the domestic demand has remained subdued. Targeting growth in the T&C sector is likely to provide a big boost to the Atmanirbhar Bharat Abhiyan. Very few industries have such a large growth potential, and if it is realised, this would provide a massive boost to domestic incomes, particularly for the low-income families which are an important source of demand for the economy.

Unpacking "Atmanirbhar" in textiles and clothing industry

Coming back to the T&C industry, what would the objective of "Atmanirbar" mean? There has been sluggishness and underperformance in the overall sector in the last few years. For example, the overall exports in the industry have remained stagnant at around $35 to $37 billion annually in the last few years. The production growth in the industry has also been relatively low, with several periods of negative growth in production. This has now followed the COVID-19 economic shock, which will further increase the time for investment and growth cycle to return.

Atmanirbhar Bharat can prove to be an inflection point for the industry if the Government and industry come together to chart out the future course of action that can create strengthen the parts of value chain that are necessary for future growth and create an overall competitive environment. This requires identifying the weaknesses and bottlenecks in the industry and then taking concerted action towards those issues.

We look at some broad themes across different segments of the T&C industry below.

Textiles

Indian T&C industry is known globally for strengths in its cotton-based value chain. But the man-made fibre-based value chain is relatively weak. This is borne by the fact that for example, India's exports in the cotton fibre and yarn is 21 and 2.2 times higher than China's exports. However, India's MMF fibre and yarn exports are about 0.2 times of China, or only 1/5th of Chinese exports. It is well known that global demand for fibres is geared towards man-made fibres (about 70% of total). Thus, a key step for Atmanirbhar T&C industry must be to create an entire policy ecosystem to promote investments into the entire value chain of the man-made fibre value chain, including fibres production, spinning, weaving & processing.

The same data also shows another key weakness in India's T&C sector. This is the competitiveness of the weaving segment of making fabric and its processing. For example, India's fabric exports compared to China are merely 0.13 and 0.07 times in Cotton and MMF segments. Clearly China has large dominance relative to India in this respect. This leads to India exporting more at the raw material and yarn stage which involves relatively lower value addition in India. Thus, it is very important to work towards strengthening India's weaving segment. Given the current economic climate, it is unlikely for private investments to materialise on its own, even in the segments where there has been a lack of investment. Thus, the Government needs to nudge investments through targeted schemes and financial incentives.

India's textiles exports as a proportion of China's exports (2018)

	Cotton	MMF
Fibre	21.00	0.24
Yarn	2.20	0.22
Fabric	0.13	0.07

(<1 implies India's exports are lower than China, >1 implies India's exports are higher than China's)

Source: WITS data, EY Analysis

While we have discussed India's relatively low exports, imports of textiles and associated products is also large and is growing. For example, a large proportion of textiles machinery are imported and within it, China is the largest supplier. This is another area in which Atmanirbhar Bharat Abhiyan can focus on.

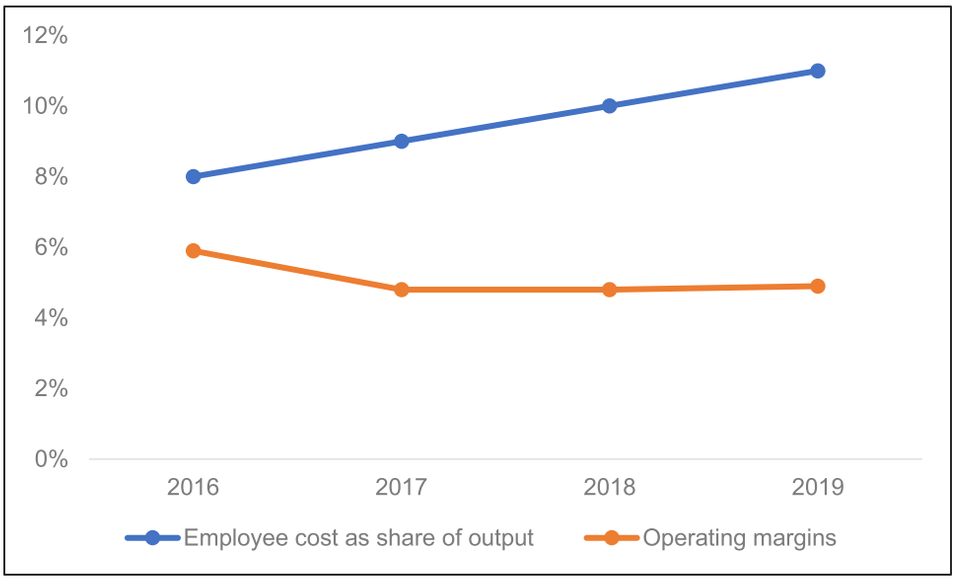
Garments

While India works towards building strengths in new segments, it cannot be complacent about its competitive advantages in other segments either. For example, in the garmenting segment, India has been losing its competitiveness advantages over its South Asian countries. This comes from the fact that imports of readymade garments have crossed $1 billion and have been growing consistently atleast at 15-16% annually in the last five years. Not to mention that the exports have also been stagnant as discussed above.

One of the challenges is that the Garments segment's competitiveness has been eroding due to the rising

labour costs. The share of labour cost for the garment's companies as a share of total output has risen from 8% to 11% in just four years, while the operating margins have come under pressure. In this situation, there is no surprise that apparel exports have remained stagnant in the last few years. Does this mean that India has moved from its development stage of reliance on labour intensive manufacturing? The answer is no. Labour cost is only one side of the coin. The other side involves labour productivity. Taking example of China, its labour cost has been much higher than most countries in South Asia for several years. However, China has also been able to remain competitive by improving its labour productivity. India needs to follow a similar model. An important parameter is increasing the scale of operations which is directly linked to the labour productivity. India's scale of operations is much lower than countries like China and Bangladesh.

Top Apparel companies employee cost and operating margins (% of revenues)



Source: EMIS. EY Analysis

What next?

The Atmanirbhar Bharat Abhiyan is a commendable initiative to raise growth prospects in the medium to long-term. It has been made necessary considering the COVID-19 shock and other geopolitical events. However, one needs to consider two points:

- First, in today's global economic position world of interconnected economies and global value chains, it is not possible for India to grow on its own. Self-reliance would require building strong economic partnerships between key producer and consumer countries based on self-interest. Being a large producer of textiles and clothing products, India would certainly benefit from trade agreements with important consumer countries/blocks like the US, EU and United Kingdom (UK). India is already in talks with all the three vis-à-vis a limited trade deal. Substantive trade deals with these trading partners would help India become competitive and reorient global supply chains closer to home.

- Second, while the Government is looking at raising the medium to long-term growth prospects, fixing the short-term is important as well. As discussed above, the growth in the overall industry has been stagnant, and there have been cases of indebtedness. Further with COVID-19, the business uncertainty has increased many folds. In this case, Government needs to intervene with its own investment measures to "crowd-in" private investments. This can be done through schemes that incentivise large scale private sector investments in the sector and Government investing in textiles infrastructure and industrial parks. This will kill two birds with one stone – it will get animal spirits in the industry going and develop scale and size for growing the competitiveness of the Textiles and the Clothing sector.

In comparison to other peers, India has a relatively low penetration of foreign direct investments (FDI) in the T&C industry. A few big ticket FDI investments in the T&C sector can change the face of the industry. For this the most important parameter is policy consistency and building trust, which is what the Government should focus on.

In conclusion, India has got a historic opportunity to reshape global trade in its favour especially in the T&C sector. It should grab this opportunity with both hands. Prime Minister's Atmanirbhar Bharat Abhiyan is therefore an appropriate step at the right time.

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INDIA – JAPAN TRADE AND INVESTMENT: CHALLENGES AND OPPORTUNITIES

Mr. T. Rajkumar
Chairman, CITI

Indian Textile & Apparel Sector is one of its oldest and traditional sectors and dates back several centuries. The Sector assumes national importance to its economy as its contributes 5% to Indian GDP, 15% to foreign exchange earnings and stands as the highest employment providing industrial sector by giving employment to more than 110 million people, including poor and marginal illiterate women.

Under the guidance of our Hon'ble Prime Minister, Shri Narendra Modi Ji and Hon'ble Union Minister of Textiles, Smt Smriti Zubin Irani Ji, India is determined to reach a market size of US$ 350 billion by 2025 and the Government of India and the Industry Stakeholders are working day-and-night in collaboration with each other to make it a reality.

Keeping in mind India's rich heritage, abundant raw materials, presence of entire textile value chain, and skilled workforce, and the currently prevailing global trade situation, it is win-win situation for both India and Japan to foster their economic ties in Textiles and Apparel Sector.

Economic relations between India and Japan have vast potential for growth, given the obvious complementarities that exist between the two Asian economies. Japan's interest in India is increasing due to variety of reasons including India's big and growing market and its resources, especially the human resources. The signing of the historic India-Japan Comprehensive Economic Partnership Agreement (CEPA) and its implementation from August 2011 has accelerated economic and commercial relations between the two countries.

India Japan Trade

India - Japan bilateral trade was US$ 17.63 billion during 2018-19. In overall trade India is a net importer from Japan. India's imports of all commodities from Japan stood at about US$ 12.8 bn in 2018-19 as compared to exports of US$ 4.8 bn during same time period. While imports from Japan increased at a CAGR of 6% since 2014-15, exports to Japan declined at a CAGR of 2.5% during same time frame.

India's Overall Trade with Japan (US$ Mn)

	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR	Share 2018-19
Exports to Japan	5,385.6	4,662.9	3,845.7	4,734.2	4,861.7	-2.50%	**1.5%**
Total Exports	**3,10,338.5**	**2,62,291.1**	**2,75,852.4**	**3,03,526.2**	**3,30,078.1**	**1.6%**	
Imports from Japan	10,131.4	9,850.2	9,754.6	10,973.4	12,772.7	6.00%	**2.5%**
Total Imports	**4,48,033.4**	**3,81,007.8**	**3,84,357.0**	**4,65,581.0**	**5,14,078.4**	**3.5%**	
Trade Balance with Japan	-4,745.8	-5,187.4	-5,908.9	-6,239.1	-7,910.9		

Source: DGCIS

Unlike the overall trade, India is a net exporter of T&A to Japan with exports accounting to about US$ 425.2 mn during 2018-19 while imports with US$ 146.8 mn.

During 2014-15 to 2018-19 where India's total T&A exports declined at a CAGR of 0.1%, exports of T&A to Japan increased at a CAGR of 1.10% during same time frame. Similarly, while total T&A imports of India from world increased at a CAGR of 5.3%, imports of T&A from Japan showed a CAGR of 0.9% during the above said period

India's T&A Trade with Japan (US$ Mn)

	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR	Share 2018-19
Exports to Japan	407.4	372.8	363	379.8	425.2	1.10%	**1.1%**
Total Exports	**37,654.2**	**36,727.4**	**36,477.4**	**36,747.8**	**37,497.1**	**-0.1%**	
Imports from Japan	141.7	130.2	119	135.7	146.8	0.90%	**2.0%**
Total Imports	**6,020.3**	**5,865.1**	**6,045.9**	**7,036.3**	**7,392.8**	**5.3%**	
Trade Balance with Japan	265.7	242.6	244	244.1	278.4	265.7	

Source: DGCIS

Apparels are the largest exported T&A commodity from India to Japan and constitute a share of about 50.8% in total T&A exports to Japan during 2018-19 followed by Yarn and Home Textiles with share of 21.1% and 12.5% respectively.

Commodity Wise Exports of Textiles & Apparel to Japan from India (US$ Mn)

Segments	2017-18	2018-19	Share 2018-19	% Change 2018-19/2017-18
Fibre	5.95	8.03	1.9%	35.0%
Filament	13.32	8.73	2.1%	-34.5%
Yarn	74.14	89.86	21.1%	21.2%
Fabric	26.12	28.17	6.6%	7.8%
Apparel	191.03	215.91	50.8%	13.0%
Home Textiles	51.83	53.12	12.5%	2.5%
Others	17.32	21.36	5.0%	23.3%
Total T&A	**379.71**	**425.18**		**12.0%**

Source: DGCIS

With about 50.8% share in total T&A imports from Japan, filament yarn is the largest imported T&A commodity by India from Japan during 2018-19 followed by fibre and fabric with 17.2% and 10.4% share respectively.

Commodity Wise Imports of Textiles & Apparel to Japan from India (US$ Mn)

Segments	2017-2018	2018-2019	Share 2018-19	% Change 2018-19/2017-18
Fibre	23.01	25.31	17.2%	10.0%
Filament	70.21	74.58	50.8%	6.2%
Yarn	2.39	1.2	0.8%	-49.8%
Fabric	14.86	15.24	10.4%	2.6%
Apparel	1.07	0.64	0.4%	-40.2%
Home Textiles	2.37	1.94	1.3%	-18.1%
Others	21.82	27.94	19.0%	28.0%
Total T &A	135.73	146.85		8.2%

Source: DGCIS

Overview of Trade of Technical Textiles between India and Japan

India exported Technical Textiles products worth US$ 26.30 mn to Japan during 2018-19 while Imports from Japan stood at US$ 53.20 mn during the same period. India's exports of Technical Textiles declined at a CAGR of 6.5% from 2014-15 to 2018-19 while Imports of Technical Textiles increased at a CAGR of 10.7% during the same period. India will purchase 18 bullet train-sets from Japan at a total cost of about Rs 7,000 crore in a deal that includes a pledge to transfer technology for its local production. Around 80 percent components to be used for its production will come from Technical Textiles hence trade of Technical Textiles is likely to go up in near future.

India's Trade of Technical Textiles with Japan (US$ Mn)

	2014-15	2015-16	2016-17	2017-18	2018-19	CAGR
Exports	34.4	26.3	26.2	29.8	26.3	-6.5%
Imports	35.4	34.7	43.1	49.5	53.2	10.7%

Source: DGCIS

Scope of T&A Trade between India and Japan

Economic relations between India and Japan have vast potential for growth, given the obvious complementarities that exist between the two Asian economies. Japan's interest in India is increasing due to variety of reasons including India's big and growing market and its resources, especially the human resources.

India-Japan has signed a Comprehensive Economic Partnership Agreement (CEPA) to facilitate imports of garments from India at zero duty. Recently, there has been a spurt in trade activities between India and Japan after the countries signed a security pact.

Japan is a major textile importing country with almost 97% of its textile requirement being sourced through imports mainly from China (62.11%), Vietnam (10.56%), Indonesia (4.12%) and Bangladesh (2.76%) while India accounts for just 1.24%.

India with an export value of about US$ 254 million constitutes share of 0.9% in Japan's total apparel imports. While India is a leading exporter of apparels to world, it has very limited share in Japanese market as of now but considering the rising imports of apparel by Japan, this category holds a good potential for India to be exported to Japanese market.

Another potential category for India to export to Japan is toilet or kitchen linen, of cotton terry towelling (Home Textiles). While India exported Toilet or kitchen linen, of cotton terry towelling worth 1,055.4 million to world during 2018, its exports to Japan was merely 8.80 million against its total imports of US$ 542.5 mn from the world.

Potential exported categories for India to be exported to Japan are highlighted below:

Top Textile & Apparel Commodities Imported by Japan 2018 (US$ Mn)

S No	HS Code	Commodity	Type	Imports of Japan From World	Imports from India	Share of India in Import of Japan	India's Export to World	Share of Japan in India's Export
1	611030	Jerseys, pullovers, cardigans, waist-coats & similar articles, knitted/crocheted, of man-made fibres	Apparel	2,587.5	3.16	0.1%	71.8	4.4%
2	611020	Jerseys, pullovers, cardigans, waist-coats & similar articles, knitted/crocheted, of cotton	Apparel	1,307.1	5.43	0.4%	174.0	3.1%
3	630790	Other made-up textile articles, incl. dress patterns	Others	1,261.5	5.74	0.5%	473.5	1.2%
4	610910	T-shirts, singlets & other vests, knitted/crocheted, of cotton	Apparel	1,206.9	14.04	1.2%	1,781.0	0.8%
5	610990	T-shirts, singlets & other vests, knitted/crocheted, other than of cotton	Apparel	1,169.6	0.59	0.1%	672.0	0.1%
6	620193	Men's/boys', anoraks (incl. ski-jackets), wind-cheaters, wind-jackets & similar articles (excl. of 62.03), of man-made fibres	Apparel	904.5	0.51	0.1%	5.3	9.7%
7	620462	Women's/girls', trousers, bib & brace overalls, breeches & shorts (excl. swimwear; excl. knitted/crocheted), of cotton	Apparel	864.0	12.66	1.5%	198.8	6.4%
8	620342	Men's/boys' trousers, bib & brace overalls, breeches & shorts (excl. swimwear; excl. knitted/crocheted), of cotton	Apparel	838.0	6.86	0.8%	440.9	1.6%
9	620343	Men's/boys' trousers, bib & brace overalls, breeches & shorts (excl. swimwear; excl. knitted/crocheted), of synthetic fibres	Apparel	785.6	0.91	0.1%	89.2	1.0%
10	620213	Women's/girls' overcoats, raincoats, car-coats, capes, cloaks & similar articles, of man-made fibres	Apparel	663.4	0.21	0.0%	2.9	7.0%
11	620463	Women's/girls', trousers, bib & brace overalls, breeches & shorts (excl. swimwear; excl. knitted/crocheted), of synthetic fibres	Apparel	637.8	0.57	0.1%	129.1	0.4%
12	621210	Brassieres & parts thereof, whether/not knitted/crocheted	Apparel	568.3	0.01	0.0%	107.4	0.0%
13	620293	Women's/girls' anoraks (incl. ski-jackets), wind-cheaters, wind-jackets & similar articles (excl. of 62.04), of man-made fibres	Apparel	547.0	0.48	0.1%	1.9	25.1%
14	620520	Men's/boys' shirts (excl. knitted/crocheted), of cotton	Apparel	546.2	12.26	2.2%	787.9	1.6%
15	630260	Toilet or kitchen linen, of cotton terry towelling	Home Textiles	542.5	8.80	1.6%	1,055.4	0.8%
16	620640	Women's/girls' blouses, shirts & shirt-blouses (excl. knitted/crocheted), of man-made fibres	Apparel	541.2	8.71	1.6%	577.0	1.5%
17	611596	Other n.e.s. in 61.15, knitted/crocheted, of synthetic fibres.	Apparel	515.9	1.80	0.3%	23.5	7.7%
18	620630	Women's/girls' blouses, shirts & shirt-blouses (excl. knitted/crocheted), of cotton	Apparel	477.0	51.74	10.8%	564.9	9.2%
19	610463	Women's/girls' trousers, bib & brace overalls, breeches & shorts (excl. swimwear), knitted/crocheted, of synthetic fibres	Apparel	473.0	0.79	0.2%	17.9	4.4%
20	610620	Women's/girls' blouses, shirts & shirt-blouses, knitted/crocheted, of man-made fibres	Apparel	467.7	0.48	0.1%	20.1	2.4%
	Others			**20,820.9**	**322.1**	**1.5%**	**29,839.6**	**1.1%**
	Total			**37,725.5**	**457.90**	**1.2%**	**37,033.9**	**1.2%**

Source: UN Comtrade

During 2018, India imported T&A commodities worth US$ 7,319.3 million during 2018. Imports of T&A commodities from Japan stood at US$ 142.6 million and had a share of just 1.95% in India's total T&A imports. Total T&A exports from Japan stood at US$ 7,820.1 million during the same time period and India had a share of just 1.82% in total Japanese exports.

Synthetic and coated fabric are the commodities which Japanese exporters can look to export to India as India is a leading importer of these commodities while share of Japan is limited despite having the potential to export. Major potential commodities are highlighted in the given table:

Top Textile & Apparel Commodities Imported by India 2018 (US$ Mn)

S No	HS Code	Commodity	Type	India's Imports from World	India's Import from Japan	Share of Japan in Imports of India	Japan's Export to World	Share of India in Japan's Export
1	520100	Cotton, not carded/combed	Fibre	621.7	0.3	0.05%	-	
2	590210	Tyre cord fabric of high tenacity yarn of nylon/other polyamides	Fabric	226.6	1.0	0.46%	15.4	6.70%
3	510119	Wool, not carded/combed, greasy, incl. fleece-washed wool, other than shorn	Fibre	214.9	-	0.00%	-	
4	590310	Textile fabrics impregnated/coated/covered/laminated with poly vinyl chloride other than of 59.02	Fabric	157.7	0.2	0.13%	24.5	0.85%
5	590390	Textile fabrics impregnated/coated/covered/laminated with plastics other than of 59.02 (excl. of 5903.10 & 5903.20)	Fabric	157.0	1.1	0.70%	93.5	1.18%
6	500200	Raw silk (not thrown)	Fibre	152.3	-	0.00%	0.0	0.00%
7	600632	Knitted/crocheted fabrics, in Ch.60, of synthetic fibres, dyed	Fabric	150.8	0.2	0.13%	135.4	0.15%
8	540244	Yarn other than high tenacity/textured yarn (excl. sewing thread), single/untwisted/with a twist not >50 turns per metre, elastomeric, not put up for retail sale	Filament	133.4	3.2	2.43%	63.9	5.08%
9	620342	Men's/boys' trousers, bib & brace overalls, breeches & shorts (excl. swimwear; excl. knitted/crocheted), of cotton	Apparel	133.2	0.1	0.08%	28.9	0.37%
10	590320	Textile fabrics impregnated/coated/covered/laminated with polyurethane other than of 59.02	Fabric	123.8	1.3	1.09%	361.3	0.37%
11	550320	Synthetic staple fibres, not carded/combed/other. processed for spinning, of polyester	Fibre	117.0	0.2	0.17%	33.5	0.60%
12	551511	Woven fabrics of polyester staple fibres mixed mainly/solely with viscose rayon staple fibres	Fabric	108.6	0.1	0.05%	22.2	0.26%
13	631090	Used/new rags, scrap twine, cordage, rope & cables & worn out articles of twine/cordage/rope/cables, of textile materials (excl. sorted)	Others	105.6	0.0	0.02%	3.8	0.63%
14	550410	Artificial staple fibres, not carded/combed/other. processed for spinning, of viscose rayon	Fibre	95.9	0.0	0.03%	55.8	0.05%
15	630900	Worn clothing & other worn articles	Others	93.3	0.7	0.76%	86.6	0.82%
16	540761	Woven fabrics (excl. of 5407.10-5407.30), containing 85%/more by weight of non-textured polyester filaments	Fabric	91.8	0.0	0.00%	556.4	0.00%
17	510129	Wool, not carded/combed, degreased, not carbonised, other than shorn	Fibre	91.1	-	0.00%		
18	620520	Men's/boys' shirts (excl. knitted/crocheted), of cotton	Apparel	90.8	0.0	0.05%	10.5	0.45%
19	600410	Knitted/crocheted fabrics of a width >30cm, containing by weight 5%/more of elastomeric yarn/rubber thread but not containing rubber thread (excl. of 60.01)	Fabric	86.4	0.0	0.02%	111.5	0.01%
20	550921	Yarn other than sewing thread, of synthetic staple fibres, containing 85%/more by weight of polyester staple fibres, single yarn, not put up for retail sale	Yarn	86.4	0.0	0.05%	1.9	2.41%
	Others			**4,281.3**	**133.9**	**3.13%**	**6,214.7**	**2.15%**
	Total			**7,319.3**	**142.6**	**1.95%**	**7,820.1**	**1.82%**

Source: UN Comtrade

India – Japan FDI inflow and Future Prospects:

Japan is the 4th largest Investor in India. The cumulative FDI inflow in India from Japan is US $ 33 bn for the period April 2000 to March 2020. It is 7% of total FDI inflows in India. FDI inflows almost doubled between 2017-18 to 2019-20.

The economic relationship between India and Japan has always been on a growth spree, with a major revamp taking place since 2014. At Bilateral Summit Meeting at Tokyo in October 2018, 57 Japanese companies had declared their keen interests in widening their business in India with a commitment of $3 billion.

The Japanese presence in India spans across a wide range of sectors including, but not limited to, Automobiles, Chemicals, Textiles & Apparel and Renewable Energy. India can partner with Japan and use their expertise in clean energy, infrastructure, high speed railway, capacity building programs and advanced technologies.

Indian manufacturing should explore in utilising the good technologies of Japanese mid-sized companies. Japan should make utilise the demographic dividend of India.

FDI Inflow in India from Japan

Particular	2017-18	2018-19	2019-20	Cumulative Inflows (April 2000 – March 2020)	%age to total Inflows (in terms of US$)
FDI Inflow	1,633	2,965	3,226	33,499	7%

Source: DGCIS

Potential Areas of Collaboration between T&A Sector:

- Machinery Manufacturing, Technical Textiles, Manmade Fibre, Apparels, Made-ups and Textile Parks
- Air jet looms, Sewing machine manufacturing
- Carbon fibre, glass fibre and other specialty fibre manufacturing for Technical Textiles
- Understanding Quality Standards of Japan and Quality upgradation of Indian textile products
- Setting up of Textile Testing Labs in India
- Technical and Business Alliance

India has been consistently featured as one of the world's fastest growing major economies with an average growth rate around 7% while Japan continues to be an economic powerhouse and the third largest economy in the world. In T&A sector, India and Japan have areas where they can complement each other as Japan imports many of its textile requirements from the world and the Technical Textiles is an area where India can learn and achieve a lot from Japanese companies through joint venture and technological collaboration with Indian companies.

India's textile industry enjoys several advantages viz-a-viz competing countries such as the availability of abundant raw material, skilled labour, and low cost of production. Japan has large number of mid-size companies with technological know-how which can partner with Indian manufacturing companies and provide state-of-the-art technologies. India and Japan can also collaborate in the areas of textile and garments machinery manufacturing, technical textiles, Man Made Fibres, Made-up items, Apparels, upgradation of quality standards of Indian textile products, setting up textile testing labs, technical and business alliance, etc. It will contribute to the foundation of a new uptick in India and Japan's growth.

SPEECH BY MR. SANJAY KUMAR VERMA, INDIAN AMBASSADOR, JAPAN, AT THE WEBINAR ON "INDO-JAPAN INVESTMENT OPPORTUNITIES IN THE TEXTILE SECTOR."

HELD ON JUNE 10, 2020

Mr. Sanjay Kumar Verma
H.E. Ambassador, Embassy of India, Tokyo, Japan

Distinguished Guests,

It gives me immense pleasure to deliver the inaugural remarks at the Webinar titled Indo-Japan Video Conference on Textile Sector Challenges & emerging opportunities. The key objective of the Webinar is to educate Japanese investors about the vast potential of Indian Textile market which provides a favourable climate of investment for Japanese companies to invest in India.

- India's textile sector is one of the oldest industries and is the second largest sector after agriculture. The size of the Indian textile industry is currently estimated at around $ 150 billion and is expected to reach to $223 billion by 2021. India's textile industry contributed 7 percent of the industry output (in value terms) of India in FY 2018-29. The Textile industry employs around 45 million workers in textile sector including 3.5 million handloom workers all over the country. The Textile Sector has witnessed a spurt in investment during the last 5 years. The industry attracted Foreign Direct Investment (FDI) worth $ 3.41 billion from April 2000 to December 2019. The government of India announced a special package to boost exports by $ 31 billion to create 10 million job opportunities and attract investments worth $11.93 billion during 2018-2020.
- The textile and apparel Industry in India has strengths across the entire value chain from fiber, yarn, fabric to apparel. It is highly diversified with a wide range of handicrafts, wool and silk products of traditional handlooms industry. Along with the growing demand for traditional textile sector, Technical Textile is also emerging as a promising sector. The demand for technical textile is expected to expand by 20 percent annually within the next 5 years to reach $ 30 billion by 2024-25. As a result of the increasing awareness of about superior functionality of technical textile, there has been growing demand for investment in segments of technical textile covering automotive, healthcare, infrastructure, protective , agricultural textiles and geo-textiles.
- Japan being the third biggest apparel importer in the world, imports apparels worth $ 24 billion annually. China continues to be the main supplier of textiles to Japan along with Italy, Vietnam, South Korea and US. Recently China is facing some challenges in low cost apparel manufacturing sector that affects on their export performance. Due to political and economic reasons, Japanese companies are shifting their focus from Chinese market. Although India's share in Japanese market is negligible in textile sector, there is good potential for Japan to become a big market for Indian textile and apparel makers. India can provide an alternative supply value chain to Japan as India has a competitive advantage in textile sector in terms of low cost of production compared to China and also due to its traditional knowledge and competency. Due to the existing agreement of CEPA between the two countries Indian garments have duty free access to Japanese market in the textile sector. While there are many opportunities for India to enter Japanese

market through CEPA route there remains some challenges for India to address issues like productivity, soaring cotton yarn prices and GST. The government of India has recently invited proposal from consulting firms to undertake a study on japan's textile and apparel Industry to boost domestic exports and enhance mutual collaboration with Japanese firms.

- Over the past 6 years, the Government of India has taken several initiatives to promote economic growth and improve investors' confidence, which include the establishment of commercial courts, the insolvency and Bankruptcy code, the Goods and Service Tax, and Reduction in Corporate Tax by 50%. Reforms are also being aimed at developing India in to a knowledge based, skill supported and technology driven society. Japan has emerged as one of the top five investors in India. During FY 2019-2020, Japan with FDI worth $ 2.8 billion was the fourth largest investor in India after Singapore ($ 11.65 billion), Mauritius ($7.45 billion) and the Netherlands ($3.53 billion). India is constantly trying to improve its FDI ecosystem. Ease of doing business is also improving every year. Just 2 years ago India was ranked at 130, but most recent rankings of 2019 put India at 63. Ranking in the global innovation index, India moved up to 52nd in 2019. India is also one of the most liberal FDI regimes in the world because more than 90 percent of FDI approvals have been put on automatic route. Hon'ble Prime Minister Narendra Modi aims to make Indian Economy "Atma Nirbhar i.e self reliant". The objective of Atma Nirbhar stimulus is to open up Indian economy further to promote Make in India.
- I wish to thank JETRO, METI & other Japanese participants as well as industry department officials from the States of India in the Webinar on Textile sectors challenge and emerging opportunities. I hope that the Webinar being organized by the Embassy of India, Tokyo in association with JETRO will continue to guide and help all the stake holders to better understand the investment opportunities available for Japanese companies to invest in textile sector of India.

Thank you,

SPEECH BY MS. MONA KANDHAR, MINISTER (E&C), EOI, ON "POST COVID 19 WAY FORWARD AND CONCLUDING REMARKS" AT THE WEBINAR HELD ON JUNE 10, 2020

Ms. Mona K. Khandhar (IAS)
Minister, (Economic & Commerce), Embassy of India, Tokyo, Japan

Konnichiwa, Namaste

His Excellency, Secretary, Ministry of Textiles, Esteemed Colleagues & Panelists and Delegates -

- Textile is a very important sector in India, employing more than 45 million people directly and earning 13% export revenue with a wide range of products spread almost across the country. Government of India has laid specific emphasis on 10 big integrated textiles parks with entire value chain in more than 1000 acres of land, by setting up Special Purpose Vehicles with State Govt. Government of India has also announced setting up of Technical Textiles Mission for boosting production of technical textiles in India .

- Gujarat state leads in manufacturing of weaving and processing machineries, production of technical textiles, denim, corduroy, man made fibre & filament fabric and cotton fabric in & around Surat, Ahmedabad & Mundra. Punjab leads in production of blended yarn, hosiery, sports goods & woolen knitwear in and around Jalandhar, Ludhiana & Amrtsar and it is an emerging technical textile hub in Northern India. Tamil Nadu leads in the production of cotton yarn and handloom clusters. Odisha produces long staple yarn suited for high end fabrics and an emerging center for textiles. All four staes have attractive incentive policies and plug & play facilities in existing and upcoming textiles parks. There are also other states like AP, Maharashtra, Rajasthan, UP, MP, WB, Assam that have renowned specific local textiles art & craft, incentive schemes and plug & play facilities for textiles.

- Japan is a major textiles importing country, meeting 97% of her requirement through exports. India is 5th largest T&A exporter. Therefore, there is a good scope for bilateral textiles trade. However, at present, Japan imports more than 62% of her textiles requirements from China and India's share is meagre 1.24%. In the post Covid 19 situation necessitating diversification of supply chain, this huge potential to increase bilateral trade in textiles needs to be explored. Japan may support technological upgradation and partner in production of technical textiles and machineries in India and get her requirement fulfilled from India as per standards at a lower cost and both the countries may jointly explore other markets. For promoting Indo Japan textiles collaboration a joint working group on textiles is being set up and agreement for textiles testing facilities is going to be signed soon.

- In the present pandemic situation, there may also be questions like whether & how will Indian economy sail through the global pandemic. However, a quick glance at Indian economy would prove its resilience and robustness as it has weathered all economic crisis with flying colors – be it Balance of Payment crisis in 1991 or Asian crisis in 1997 or global meltdown in 2008; First two

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months data for the year 2020 also bring out that Indian economy bounced back after liquidity issues in 2018-19. Therefore, India will definitely sail through Covid 19 pandemic as well. Its CAGR of more than 10% for GDP and market capitalization over past 25 years is a testimony to this. Indian growth story has been a mix of big bang reforms like Goods & Service Tax, Insolvency & Bankruptcy Code and economic stimulus.

- Process of economic recovery from Covid 19 has begun with a series of measures announced since mid May by GoI as "Self Reliant Bharat stimulus" of about Rs 21 T, 10% of GDP. It includes payment deferral, lowering rates, revising performance criteria for firms, funding of MSMEs & companies, financial support to targeted Households and social security benefits. These measures are anchored to further reforms in sectors like power, agri marketing, agri infrastructure, urban management, health care and sanitation such that it ensures higher GDP in future to provide additional fiscal space for sustainability. Agri reforms like contract farming, removal of regulatory restriction for inter state sale, removing agricultural products from essential commodities list will boost production of cotton and other natural fibre. Decriminalization of companies act, upward revision of definition for MSMEs, Power sector reforms including tariff policy to promote industries and protect consumers, setting up empowered group to fast track FDI approval process, enhancing EoDB, setting up Project cell for formulating investible projects will strengthen processing & manufacturing in Textiles sector.

- Emergency credit lines opened and working capital enhanced for PSBs. Fiscal measures are further supported by monetary policies. Policy repo rate is reduced by 75 basis points. Targeted Long Term Repo operation of Rs 2 T is carried out. Cash Reserve Ratio is reduced by 100 basis points. Liquidity coverage ratio reduced from 100 to 80%. These measures would infuse additional liquidity of Rs 5T, which will help regenerate domestic demand.

- The taxation framework is getting reformed to promote Make in India. The corporate tax is slashed by half to 15%, one of the lowest in world. Dividend distribution tax is withdrawn mainly on Japan's request. Level playing field is provided to MSMEs through financial & technology support. India is constantly improving its investment environment as its position in global Ease of Doing Business ranking surged to at 63rd in 2019, rising by 79 ranks in 5 years; It is 52nd in Global innovation index, rising by 29 places and it holds 44th in logistics performance index, rising 10 places. Organizations like Invest India have been established to provide end to end facilitation for FDI

- India has the unique advantage of combination of low cost skilled work force on one hand and creative brains with risk taking abilities that lead fashion designing, product designing and innovation on the other hand. Such a range in human resources is found only in India. Third factor added to this is the demographic dividend, where 65% of Indian population is below 35 years of age. Skill India initiative of GoI will skill about 400 M persons to adapt to industry 4.0 for imanufactuing.

- India has given a major boost to infrastructure and logistics by announcing USD 1.4 T India infra pipeline policy for next 5 years covering more than 6,500 projects. This will further increase the productivity of Indian human resource. National Logistics policy aims at reducing logistics cost from 14% to 10% giving further boost to make in India and exporting from India.

- Considering other advantages like democracy, rule of law, strategic location and others, India is rated as a top destination for FDI by bloomberg media and JBIC. Indian subsidiaries have out performed parent companies in terms of revenue, net profit & IRR.

- Indo – Japan friendship has led to Japan specific facilitation as well like specially built Japan Industrial Townships, Japan India Institute for Manufacturing for sector specific skilling of Indian workers, sector specific bilateral dialogues, Indo Japan Industrial Competitiveness forum, Official Development Assistance program by JICA for infrastructure & others

- I wish this webinar and participants all the success for business, trade & investment collaboration to create win win situation for both the sides liveraging Japan's technology and India's human resources. Take care & say safe. Thank you, Arigato Gozaimatsu!

SUMMARY REPORT OF THE WEBINAR
"THE FUTURE OF THE TEXTILE AND APPAREL SECTOR. AN INDO-AFRICAN PERSPECTIVE"
CHALLENGES AND OPPORTUNITIES
HELD ON JUNE 26, 2020

Author: Supporting Indian Trade and Investment for Africa (SITA) team. A project implemented by the International Trade Centre and funded by the UK Government. Sita@intracen.org

What would the global apparel and textiles sector look like in 2025? This was the topic of webinar that the International Trade Centre (ITC) facilitated on 26 June 2020 in collaboration with the Confederation of Indian Textile Industry (CITI), the India International Textile Machinery Exhibitions Society (India ITME Society), the Kenya Association of Manufacturers (KAM); and the Ethiopian Textile and Garment Manufacturers Association (ETGAMA).

The key objective of the webinar was to elaborate the building blocks for a resilient textile industry that cooperates, and competes, while delivering socio-economic development. The webinar brought together Indian and East African public and private sector

stakeholders – policy makers, institutional leaders, business owners from across the industry; and financiers who put forth their views on markets, machines, and money, for 2025, in an INDO-AFRICA context.

In his opening remarks, **Mr. Rajkumar** (Chairman CITI) highlighted the many opportunities for India and the African continent to foster their economic ties along the cotton, textile and apparel value chains, especially related to trade and investment in East Africa. **Mr. Ashish Shah** (Director, Division of Country Programmes, International Trade Centre) described the devastating impact of the COVID-19 pandemic on the global textiles and apparel sector, and highlighted that in adversity, there is also opportunity. **Mr. Hari Shankar (**Chairman, India ITME Society) stressed the need for African manufacturers to invest in new machinery and digital technologies to comply with scale and quality requirements, diversify products and markets; and comply with global environmental standards as a pre-requisite in the post-COVID-19 world. **Mr. Ajul Shah** (Chair, Local Textiles and Apparel Sector, Kenya Association of Manufacturers) identified a concrete opportunity for partnership between Indian and East Africa – through inviting Indian textile companies to supply fabric to the East African region.

The opening session was followed by a panel discussion with public sector and industry experts participating, from India and East Africa. The key messages were the need for public-private cooperation, integration, attracting investment, e-commerce and embracing sustainability as key success factors for a robust, and resilient, textile and apparel sector in the aftermath of the global pandemic.

Hon. Betty Maina, Cabinet Secretary for Industrialization, Trade and Enterprise Development, Kenya, emphasized that Africa needs to be ready in terms of business environment and investment attractiveness to realize benefits accruing from the shift of traditional sourcing destinations to new geographies, as a result of COVID-19. The Cabinet Secretary called upon investors and other stakeholders to consider African countries as potential investment destinations and highlighted the preferential market access that African apparel exports to the US and the European Union enjoy. She also identified the market opportunities that the recently launched African Continental Free Trade Agreement (AFCFTA) will provide across the entire African continent, including through e-commerce.

Mr. Zerihun Abebe Gizaw, Textile and Leather Director at the Ministry of Trade and Industry, Ethiopia, provided an overview on the latest incentives that Government of Ethiopia offers to foreign investors as well as its current support to the industry in response to COVID-19. As he explained, the textile and apparel sector will continue to remain a priority sector for the Government of Ethiopia during the next decade. According to him, there are currently 12 industrial parks with more than 58 apparel units producing for the export market. Since 2015/2016, foreign currency earnings from textile and garment exports have grown from around 78 million UD to almost 172 Million USD in 2019/2020. The current capacity utilization is around 58%.

Mr. D. L. Sharma, Deputy Chairman of CITI and Managing Director of Vardhman Yarn & Threads Ltd., explained how India has become the world's 2nd largest manufacturer of PPEs in a period of only two months. While the industry identified the need and demand for medical textiles and responded very quickly to it, Government of India provided essential support through introduction of specification standards, testing and certification processes and capacity building. The government bodies developed India-specific standards, based on existing international guidelines. He emphasized that by now, India's PPE products cost almost a tenth of those imported from elsewhere. Mr Sharma's statement highlighted the need for strong and supportive institutions that provide a conducive and efficient business environment.

Mr. Pankaj Bedi, Chair of the Apparel Export Sector, Kenya Association of Manufacturers, explained that manufacturers are currently facing similar challenges, regardless of their geographic location. However, there is no "one-size-fits-all" solution but a need for tailor-made solutions. He further added that companies have to protect their value and quality. He emphasised the need to accept the current challenges, work on solutions with both clients and governments and believe in rebuilding businesses and bouncing back to growth. He also highlighted the opportunities for Africa as an emerging sourcing destination due to the diversification by international buyers.

Ms. Wandia Gichuru, CEO and Founder of Vivo Active Wear, Kenya, shared her experiences in manufacturing locally and in establishing a brand for the local and regional retail market, with 14 brick-and-mortar stores and Shop Zetu – a newly launched e-

commerce platform. She explained that e-commerce provides an efficient and cost-effective way to consumers and allows her to also support other African fashion brands. She elaborated how Shop Zetu supports other local brands in content creation, logistics, distribution, customer services and even support for product development. According to her, there is need to change the traditional way of collaboration and new for new types of partnerships.

Mr Goshu Negash, President of the Ethiopian Textile and Garment Manufacturers Association, outlined the interest for collaboration by Ethiopian manufacturers with Indian counterparts. According to him, Ethiopian manufacturers are interested in sourcing inputs from India. Also investing into state-of-the art technology remains a priority for manufacturers, enabling them to diversity into new products. The recent ITME AFRICA event in February 2020 in Addis Ababa provided a great starting point for Ethiopian manufacturers to engage with Indian engineering companies. Companies are also interested in creating joint ventures with Indian counterparts.

Mr Sam Chappatte, CEO of Jumia Kenya, spoke about his prognostic for the African fashion ecommerce market. According to him, on average, fashion sales accounts for 25% of ecommerce across the African continent, including clothing, shoes and accessories. For the coming years, Jumia anticipates high double-digit growth in online fashion sales across the continent. This growth is expected to be driven by the overall adoption growth of ecommerce. Mr. Chappatte emphasized that it is now the time for both East African as well as Indian manufacturers to look at e-commerce as a channel for cross border markets in Africa. He explained that e-commerce is a great way to test products and reach new clients in different African markets, and that Jumia is welcoming partnerships with East African and Indian manufacturers.

Mr. Ashish Agrawal, Group CEO, Kanoria Africa Textile PLC, attested that the company chose to invest in Ethiopia specifically because they trusted the support from the Government. Kanoria went on to set up the world's first fully-integrated eco-friendly denim manufacturing plant in Ethiopia. Mr. Agrawal also stressed the need for post-investment support to ensure investors are able to navigate operational obstacles.

Mr. M. Sankar, President, Textile Machinery Division, Lakshmi Machine Works Ltd., outlined the opportunities for technology upgradation in the textiles and apparel sector across the African continent. He estimated that currently around 1.7 million spindles are in operation across the African continent – while he expects that eight to ten million spindles are required in the near future to enable local production of yarn for the local and regional African market.

Ms. Antje Steiner, Director Regional Office East Africa, DEG – The German Investment and Development Company, spoke about DEG's financial support to textiles and manufacturing companies affected by the economic impact of the COVID-19 pandemic. She explained that currently, the protection of short-term liquidity is very important for their clients, especially as access to local financing has become more complicated. However, she she expects access to local finance for local companies, including SMEs, to follow an upward trajectory in the long term.

Mr. Navdeep S. Sodhi, Partner, Gherzi Textil Organisation, explained that the large majority of African cotton is exported – providing a huge potential for value added products which could result in an increase of exports of up to 45-50 Billion USD until 2030 and in around 5 million new jobs for youth in the coming years. He emphasized that the development of the industry across the African continent however requires a complete ecosystem and an enabling policy environment to attract both local and foreign investment.

The webinar marked a start for deeper discussions on how the "new normal" will help shape further engagement and new partnership opportunities between Indian and East African institutions, associations and companies – to the benefit of a robust, integrated and sustainable textile and apparel sector in the future.

ITC through its Supporting Indian Trade and Investment for Africa (SITA) initiative facilitates investment and trade promotion, and knowledge and technology transfer between India and five East African countries (Ethiopia, Kenya, Rwanda, Tanzania and Uganda). Stakeholders interested in the East African region can contact SITA through SITA@intracen.org.

WELCOME ADDRESS BY SHRI T RAJKUMAR, CHAIRMAN, CITI AT THE WEBINAR ON

"THE FUTURE OF THE TEXTILE AND APPAREL SECTOR - AN INDO-AFRICAN PERSPECTIVE: CHALLENGES AND OPPORTUNITIES"

26TH JUNE 2020

- At the outset, on behalf of CITI and Webinar Organisers, I whole heartedly welcome Mr. H.E. Betty Maina, Cabinet Secretary, Ministry of Industry, Trade and Enterprise Development, Kenya and Mr. H.E. Teka Gebreyesus, State Minister, Ministry of Trade and Industry, Ethiopia, all other eminent speakers, Panelists, members from other organizations and all our listeners who are connected with us today from different parts of India and World.

- It is a great honor and privilege for CITI to partner with International Trade Center (ITC), Support of Indian Trade and Investment for Africa initiative (SITA), India International Textile Machinery Exhibitions Society, the Kenya Association of Manufacturers and the Ethiopia Textile and Garment Manufacturers Association and UK Aid for partnering with CITI in organizing this seminar.

- Kenya Ethiopia and most of the East African nation have a very long traditional relationship with India for decades and generations.

- I hope that this seminar will be fruitful for the entire Textile & Apparel Value chain of India and African countries.

- Under the dynamic guidance of our Hon'ble Prime Minister, Shri Narendra Modi Ji and Hon'ble Union Minister of Textiles, Smt Smriti Zubin Irani Ji and Hon'ble Secretary Textiles Shri Ravi Capoor Ji, Indian Textile and Clothing Industry is determined to reach a market size of US$ 350 billion by 2025 and

this again will only strengthen the partnership with India and East Africa which is the Important agenda of the and textile industry and the Government of India and the Industry Stakeholders are working day-and-night in collaboration with each other to make it a reality.

- We all know that Indian Textile & Apparel Sector is one of the oldest and traditional sectors and dates back several centuries. This Sector assumes great importance to the Indian economy as it contributes about 3% to Indian GDP, about 11% to India's total exports and stands as highest employment providing industrial sector by giving direct and indirect employment to more than 110 million people, including poor and marginal illiterate women. It gives livelihood to more than 60 million cotton farmers also. India has 14 per cent of world textile production and 5 per cent of world exports.

- Keeping in mind India's rich heritage, abundant raw materials, presence of entire textile value chain, and skilled workforce, and the currently prevailing global trade situation, it is a win-win situation for both India and Africa to foster their economic ties in Textiles and Apparel Sector. India can further its trade and investment relations with Africa, especially East Africa as we have many things in common.

- ITC and CITI have been working together for long time. The relationship ITC has with CITI, SIMA and other textile organizations way back more than 10 years.

- Woven fabric of Cotton and Cotton yarn are the largest exported T&A commodity from India to African countries.

- Over the last few years, production of apparels has been shifted from China to more cost competitive destinations like Bangladesh, Vietnam, Ethiopia, etc.

- During the current pandemic of Covid-19, customers in major markets like EU and USA are exploring new markets for their products.

- India and African countries together can reap up the current situation and by working in the correct direction both countries can increase their trade of not only Textile and Apparel commodities but for other products as well.

- Ethiopia is one of the favoured destinations for apparel manufacturing among African countries and is rapidly attracting FDI due to the benefits like stable political environment, developing infrastructure large workforce and low wages in the country. Many major Indian T&A giants like Arvind Ltd, Raymond, Ashton Apparels, KPR mills, SCM Textiles and others have already announced investment in Ethiopia.

- CITI and ITC have been successfully collaborating on investment and trade promotion between India and East Africa since 2010, including facilitation of investment promotion visits from East African delegations to India, and on bilateral investment exploratory visits from India to East Africa. On the investment front efforts have also led to two companies investing in garmenting plants in Ethiopia, as a follow up to the investment missions in 2017 and 2018. Under the collaborative partnership with ITC's Supporting Indian Trade and Investment for Africa (SITA) programme, India's KPR Mill Ltd has set up a garment unit in Ethiopia's Mekelle Industrial Park. This factory can produce 10 million items annually. It will provide jobs to 700 people in Ethiopia and can export garments to Europe and the United States.

- Engagement between Indian and East African stakeholders is beyond investment and trade linkages – I am glad to see that by now, our initial engagement has also yielded in positive results for the farm level. In November 2017, SIMA-CDRA signed a tri-patriate partnership agreement with the Ugandan Cotton Development Organization and the Ugandan National Agricultural Research Organization, on germplasm exchange for improved cotton seed varieties. The new varieties will combine strengths of both the Indian and Ugandan seeds, and benefit farmers in both India and Uganda, with a potential impact on 3 Million livelihoods in Uganda and same can be implemented in other East African countries.

- I am extremely hopeful that India and African countries holds immense potential and if they work together, can certainly bring many good things in the Textile & Apparel trade between India and East Africa.

- I wish the Webinar grant success and thank you all once again for the great participation.

A REPORT ON E-CONFERENCE
"REBOOTING THE TEXTILE AND APPAREL INDUSTRY"
HELD ON JULY 24, 2020

Introduction:

The entire world is facing unprecedented challenges after months of lockdown due to COVID-19 pandemic. However, the textile and apparel value chain has been affected the most as a large chunk comes from the MSME segment which has borne the brunt of the crisis. The industry has also been grappling with the profitability issues since then due to a sharp decline in import and export of textile products coupled with the issues of migrant workers and raw materials/ inputs. These issues only further look to get aggravated with the current crisis. Due to the current pandemic situation, millions of jobs in the textiles and clothing sector are at a great risk! Governments worldwide, including India, are putting in their concerted efforts and taking several remedial measures to enable the Industries to tide over the unprecedented challenges posed by the COVID-19 Pandemic, revive it from the current recession on a fast track mode and grab the emerging global opportunities by enabling the industry attain global competitiveness.

Keeping in view to discuss the unprecedented challenges being faced by the Indian Textile & Clothing Industry, Confederation of Indian Textile Industry (CITI) in association with MEX Exhibitions and Messe Frankfurt India organised an e-Conference on **"Rebooting the Textile & Apparel Industry"** on 24th July 2020. The event was sponsored by M/s. Sutlej Textiles & Industries Ltd., Lenzing AG and Textile Magazine as a media partner. A detailed report on the half-day e-conference is given below:

The deliberations at the e-conference were focused on evolving strategies for tiding over the present crisis and identifying the effective ways and means to support the textile & clothing value chain. The key policy makers and experts from across the globe took part in the e-conference and deliberated upon the important policy

decisions/ measures and other related aspects of the textile businesses. The response for the e-conference was overwhelming as a large number of delegates from the textile value chain participated and made the event a huge success!

Mr. T. Rajkumar, Chairman, CITI in his opening remarks welcomed all the distinguished Speakers, Sponsors, Delegates and Organisers and conveyed his gratitude for making the event a reality in this difficult time. Mr. Rajkumar said that the entire textile industry was going through a very tough period and for the first time in the recent history, we have witnessed such an unprecedented and disastrous time when not only one country, one continent but the entire world had been hit hard and that too at the same time by COVID-19 Pandemic.

Mr. Rajkumar was hopeful that the Indian Textile Industry was determined to bounce back with the support of the Hon'ble Prime Minister Shri Narendra Modi Ji and Government of India. Mr. Rajkumar stated that the Government of India had been extending all possible support to the industries in terms of financial relief package, infrastructure development, ease of doing business, FDI, etc. and focussing on certain key sectors, including textiles and clothing to promote its 'Aatmanirbhar Bharat' mission to serve the nation and its economy. He further stated that the Indian T&C Industry could achieve the target of US$ 350 billion from the present level of US$ 150 billion, by 2025, only with the support of the Government of India and able guidance of the Hon'ble Union Minister of Textiles, Smt. Smriti Zubin Irani Ji.

Mr. Rajkumar shared with the audience that India had done exceedingly well on textile front and in no time became the second largest manufacturer of PPE Kits to serve not only India but also to the world.

Mr. Rajkumar further stated that India had a very strong presence in all the segments of the textile value chain and ready to serve the world especially EU and USA which are the biggest markets for India's textiles and clothing products. He was of the view that FTA's with EU, US, UK and Latin America can be path-breaking for the development of Indian T&C Industry. He observed that the 'Atmanirbhar Bharat' call initiated by the Hon'ble Prime Minister would play a crucial role in enhancing textile industry's reach and access to the global markets.

Mr. Rajkumar pointed out that skill development was another area where India had been working very hard under the Skill India Mission for the development of the human resource for the textile sector. He further stated that the Government measures undertaken towards structural reforms for improving Ease of Doing Business in India would pave way for investments and enhancing India's position in the global textile value chain. He opined that the textile industry needed to switch to a continuous improvement model based on innovation and technology adoption in a sustained manner.

He stated that if Indian textile industry had to achieve the target of USD 350 billion market size, then the industry would have to invest in at least 10 proposed "Mega Textile Parks" of a minimum size of 1000 acres, around coastal areas. The creation of Mega Textile Parks with plug and play facilities could bring in large scale FDI investments apart from making the large players in the country to make investments. He also pointed out that Investors from Japan, Germany and South Korea could play a key role in achieving this goal.

He further stated that the creation of the "National Textile Fund" by the Ministry of Textiles would help the industry to have a level playing field on the capital front and achieve a sustained growth.

Both, Mega Textile Park and National Textile Fund would encourage scale of operations and enhance India's global competitiveness in the textile sector. He also said that a special package to boost cotton consumption in India will also increase exports and domestic demand for the textile products.

He observed that on energy front, India could brand the sustainable and compliance manufacturing facilities with the use of non-conventional energy (wind and solar power), energy conservation, social compliance, Covid-19 compliance, water conservation and adopting to water frugal technology, zero liquid discharge technology, etc and thus, protecting the environment from the harmful effects of the textile waste.

He was also of the opinion that the Industry should work towards creating virtual hubs and marketplaces. These hubs could be used to aggregate virtually the inventory of key raw materials like yarn and fabrics available within a cluster, and this information could be made available to the potential buyers.

The T&A Sector needed to be technologically modernized, especially to adapt in the post Covid-19 world. For this, the industry needed to adopt to use of technological tools such as 3D Visualization, Artificial Intelligence, Virtual Sampling, Fit and Prototyping, etc.

Mr. Rajkumar in conclusion stated that the Government had already initiated several remedial measures for assessing the current situation, adapting to the emerging scenario and trying to grab the opportunities by enabling the industry attained the global competitiveness. With this, he wished everyone a great day ahead and requested all to have a very fruitful and meaningful discussion in the subsequent sessions.

Session-1	Reimagining & Rebuilding India's Textile & Apparel Industry
Chaired by	Mr. T. Rajkumar, Chairman, Confederation of Indian Textile Industry (CITI)
Moderator	Mr. Arvind Singhal, Chairman, Technopak Advisors
	Dr. A Sakthivel, Chairman, Apparel Export Promotion Council (AEPC)
	Mr. Ronak Rughani, Chairman, The Synthetic & Rayon Textiles Export Promotion Council (SRTEPC)
	Mr. Manojj Kumar Patodia, Vice Chairman, The Cotton Textiles Export Promotion Council (TEXPROCIL)
	Dr. K.S. Sundararaman, Chairman, Indian Technical Textile Association (ITTA)

Mr. Arvind Singhal while moderating the 1st Session requested all the Panelists to give their perspectives on how the Indian T&C Industry could shape up in the next 10 years rather than just focusing on next six months which could only deal with the damage control exercise and rebuilding the same in the short term. Instead, we should look beyond the post Covid era.

He opened the session by giving some historical perspectives with regard to the textile sector. He pointed out that reimagination is very important not only for the nations, but also for industries, companies and individuals because there is nothing like constant as everything keeps evolving with the passage of time. While recalling the important moments from the history of textile industry, he said that in 1939, Dupont introduced Man-made fibre on the planet. Till that time, we only had natural fibres – cotton, wool silk and other minor fibres. He further stated that till 1947, India was a leader in textiles because Man-made fibre was just coming into user applications as the World War II had just ended in Europe and other parts of the world. Indian textile industry was preeminent in terms of relevance not only for India but also for the rest of the world. Its cotton ecosystem was acknowledged as one of the best in the world and fabrics were acknowledged decades before as one of the finest in the world. In 1947, the year of India's independence, at least our textile industry was actually the leading industry not only just for India, but in the Sector, it was seen as aspirational leading industry. Yet, the first reason to reimagine, he pointed out that although since 1939 Man-made fibres had started to make their presence felt in India, in the 1950s and 60s, sadly as a nation and as an industry we ignored the promotion of man-made fibres. The policies were only geared towards supporting and protecting the cotton industry and we missed out on that opportunity! Whereas, we should have reimagined the textile industry to be a fibre neutral and it dates back to 1950s and 60s!

Mr. Singhal pointed out another important incident from the history that happened in 1982 when Indian textile industry almost suffered a death blow due to a strike initiated by Mr. Datta Samant in then Bombay. Till that time, in Maharashtra, Bombay in particular, the textile industry was the leading industry as far as Indian textiles were concerned. Mr Datta Samant's strike destroyed the whole industry in many ways beyond just the strike period. It forced otherwise a very well-integrated industry, starting from processing of fibres to spinning, weaving, knitting, processing to actually decentralization of the industry. The companies which wanted to survive had no option but to get into outsourcing like getting fabrics woven somewhere else, getting fabrics processed somewhere else and as a result a very strong integrated industry got disintegrated, as one of the outcomes of the strike. He further stated that eventually industry came up with all kinds of distinctions between yarns, fibre compositions, who can process what, what kind of duties that were allowed for small scale industries, weaving was allowed for somebody else, etc. So, where the industry should have gone towards more integration, it took completely a 180-degree view in the opposite direction. So, we reimagined the world which was moving in the opposite direction, sadly for the Indian textile industry.

He further quoted the third reference point from the history which happened in 1995 when the agreement to phase out MFA was achieved with a very well-defined date of 1st January 2005, that quotas will go away. That should had been another opportunity for Indian industry to reimagined itself. He further pointed out that the Government of India set up a Committee to enhance its share (3.5%) of textiles in the world trade and came up with a Sathyam Committee report which never saw the light of the day for many many years! He further mentioned that industry kept debating on what Indian textile industry should be doing in 2005 rather than acting upon it. Whereas, China did not have to worry about such kind of deliberations. By the time 2005 came, China also became a member of WTO. It just took off as soon as the fetters of the quota were taken away and the Indian textile industry still had small scale reservations and so many others. India again missed out on the opportunity of reimagining textiles post quota and MFA world.

He took out another leaf from the history, this time the year was 2010. Mr. Singhal pointed out that India had been discussing and negotiating FTA with EU. In the meantime, Sri Lanka, Bangladesh and Vietnam negotiated bilateral agreements and gained substantial trade access to the biggest markets of the world. However, India was still negotiating and debating and discussing these agreements to its detriment! He stated that it was no surprise, that our neighbors had taken march on us despite India textile industry had all the advantages. We had raw material advantage, talent advantage and so many other advantages and yet we found that Vietnam and Bangladesh were the ones who walked away with a large chunk of business which should have come to India. Again, India failed to reimagine this world which was not having a fair competition but bilateral agreements, multilateral agreements, free trade agreements which defied the spirit of WTO. We needed to have accepted these agreements and should have been a part of them. There were four distinct milestones where the industry, the Government and the industry stakeholders should have come together to reimagine what the world should have been like? He further stated that for a couple of minutes, let's look into, more in terms of, what the future of textile industry is now? Let's now look into 2034, next 10 years ahead. While, at present, we are talking about export-

led growth to achieve the market size of US$ 350 billion by 2025, however, India's domestic market is a single biggest opportunity by 2030. The domestic market from current 70-75 billion dollars at a very conservative level of today's dollar rate would be at least 150 billion dollars market. It is a very significant milestone for the textile sector to achieve and cannot afford to miss this opportunity!

With this, Mr. Singhal set the tone for the discussion to the panelists to see how this opportunity can be reimagined by the textile industry? He further stated that by 2030, advanced textiles, which has been talked a lot about from a very long time should now be reimagined not only to achieve the market size of US$ 350 billion by 2025 but also beyond that. The efforts which should be done in the next 10 years should be mainly in the advanced textiles which have applications, not even been imagined yet by the textile sector. He further questioned, can't India be a powerhouse in advanced textiles? To do all this, digital and technology are at the core of all the businesses. How can our industry become the leader of creation of technology and adoption of technology rather than be a late starter? That is one area to be reimagined in the next 10 years. Lastly, but not the least, talent! No industry can survive and thrive and grow if it does not have talent to meet that particular era. A question to be asked is how can textile industry attract the very best talent which India has to offer and then some talent from overseas as well? India needs to think a little bit beyond the Covid-19 pandemic, because this reimagining, rebuilding will take at least 10 years from now. It also requires all the stakeholders to work together rather than one or two or three companies. All the Governments for that matters and that is the context in which he has reimagined the particular panel discussion.

Dr. A. Sakthivel, Chairman, AEPC: Dr A. Sakthivel observed that in the last three years India's garment exports averaged only US$ 16 billion. After he took over as Chairman, AEPC in 2020, AEPC did a detailed analysis of India's garment trade with other countries and also looked into what are the articles that were mainly being exported by China, Vietnam, Cambodia and Bangladesh, HS Code wise. He further pointed out that while analyzing the data, they realized that India had failed in MMF garments. India was only getting orders for cotton garments and industry didn't really bother about diversifying into MMF garments. He stated that even though, India had plenty of polyester and viscose fibre and yarn, India was not at all dealing in sportswear, activewears, medical textiles and other related polyester, viscose garments. He pointed out that India have all the capacity, however, our fabric is the weakest link in manmade fibre sector. He informed that 2021 is going to be the year of manmade fibres, as AEPC and others are talking to Taiwan and Korea's processing industry to come and invest in India and also have some collaboration in the processing sector as India had good processing houses but were not able to specialize in MMF fabric processing. He further informed that AEPC were in talks to Reliance and Birla and they were ready to take a lead in this area. He assured that within three years India will be able to achieve a substantial growth in export of MMF garments, especially in sportswear and processing of speciality fabric. He also stated that Covid-19 pandemic had given them an opportunity to excel in making PPE kit and medical textiles. More than that the world had started talking about the sustainable garments. Hence, post Covid-19 pandemic, the world would be looking at India for medical textiles and sustainable garments, which are natural and environment friendly. He concluded by saying, 2020-21 will be the year for apparel manufacturers and AEPC will be taking necessary steps to materialize this.

Mr. Ronak Rughani, Chairman, SRTEPC: Mr Ronak Rughani stated that China's exports had been growing in great volume because they became the factory of the world. Everyone was happy about getting orders from these brands sitting in the west and controlling operations in China, Vietnam and Bangladesh when policies were favorable there. He further stated India was predominantly seen as a traditional textile exporter. Even today, the whole world feel that India is only doing cotton textiles. What is happening now and may be in the next 10 years or so, only international brands were going to dominate. He pointed out that India had everything right from fibre up-to fashion under one room, even fashion designers, when skills were concerned. He further stated that we also do the fashion designs and set up for the whole world. He however pointed out that India didn't have any international brand hence Indian conglomerates should actually focus on creating international brands wherein we clothe the world and the world supplies to us rather than relying on international brands for supplying garments to them and vice versa. He further stated that the next important thing was communication strategies, where India must focus at least in the short term if not in the long term. We must change our image or perception of traditional exporter of cotton textiles only and make concentrated efforts showcasing India's diversified strengths on different spheres. He further pointed out that India had a lot of data on consumers behaviour and demand preference and the same should collated and utilized every year for making better consumer-oriented strategies. He also pointed out that Government policies also helped in the growth of the textile industry. The TUF Scheme helped textile companies to increase their yarn sales to ten times, the volume what they were doing before the scheme was launched. He suggested that textile companies should focus on processing and knitting of not only cotton garments but also MMF garments which

were the weakest link in the value chain if Indian companies really wanted to grow, and more emphasis should be on R&D for the exponential growth of the sector.

Mr. Manojj Patodia, Vice Chairman, TEXPROCIL: Mr. Manojj Patodia observed that reimagining and rebuilding the Indian Textile and Apparel Industry was a very thought-provoking idea while looking at the larger picture as textile industry serving to 7.5 billion people worldwide. He thought, this was a big opportunity for the textile companies world-over and more so for the Indian textile companies keeping in mind the huge growing size of the Indian domestic market. He further observed that many international companies were likely to invest in India specially in data and e-commerce business as they see India as a market of 1.3 billion people. He further stated that the agriculture income of the people was also going up and the middle class was a force to reckon with our economy. The MSME sector had also been revamped recently. Therefore, many new exciting opportunities will present themselves as Indian companies move forward in the digital age. The Indian textile companies had carved a place for themselves in the production of mass and quality products. However, once they rematch their strength and create Indian brands online which would also be cost effective and offer value to the customers. He further stated that the Indian MSME companies would have huge scope to strengthen their direct sales to the consumers through online space, greater profitability in operations as the online business require only small inventories to keep, being direct sale to the customers. He further pointed out that many analytical tools were available in the market to provide data analysis and promote direct sales. So, online brands should be a way forward. Whereas, physical stores need to invest in rental space, margin, discounts, to liquidate large inventories etc. which were expenses required on deployment of scarce capital. The digital platform will save all these costs. In the last few months, online shopping had become very popular and provided a lot of flexibility to the customers. In fact, the marketing tools available, should aim at strategies to develop and popularize brands that follows. This strategy could be effectively adopted sitting in India for products sold worldwide as logistics have become very efficient and quick. Therefore, online sales and branding was a way forward for the Indian companies.

Mr Patodia further emphasized that technology can be a helpful tool for the industry to achieve the desired results. The industry should think of Artificial Intelligence and Sensors in manufacturing processes which could help them in team up and become more efficient in overcoming the bottlenecks. The downtime of machines and machine failures will also be avoided through this technology. Traceability is the next important factor which is going to determine the level of business we can attract wile going forward. Many companies have realized the importance of factoring. Traceability in the operations will give them head-start. Consumers and retailers are looking to trace the entire process from farm to fashion in the cotton textile sector. The next ten years will be focused on sustainability and the use of sustainable fibres and recyclable fibres will play an important role as India has a big advantage in production of natural sustainable fibres of cotton, jute, hemp, viscose and many more. He concluded by saying that there was a greater need to correct the distortions in the international trade on account of preferential tariffs given to our competitors. In this connection, fast tracking of FTAs with Europe and now with UK and USA will also help. The Indian Government should also refund central levies and state taxes and duties on all the products in the textile value chain so that we don't export taxes.

Arvind Singhal pointed out that e-commerce is the biggest opportunity for most of the industries in India because you get away from the gatekeeper which is called the retailer. He stated that he should be very careful while using this term as they happened to be his clients as well. But e-commerce allows a producer or a manufacturer to directly reach out to the consumers, engage in a dialogue with them, otherwise the retailer had to do the same on your behalf. So, there is a great opportunity in e-commerce not only within India but overseas as well. He further stated about adoption of Artificial Intelligence and Sensors in the production process. He posed the question why not use the technology at the core of your business? Not only in the manufacturing but almost in every facet of the business, technology can play a very important role and, therefore, it might be important to understand that what are the application areas where technology can play a big role. He pointed out that very recently, with a very large company, as a part of discussion, he was surprised to see their sustainability goals for 2030 as part of their presentation. And they were talking in a very holistic manner in terms of energy sustainability, environmental sustainability, reducing carbon emissions, in terms of circular economy and there were measurable goals. He recommended that sustainability has to be seen in a much more holistic manner rather than only manmade vs natural fibres.

Dr. K S Sundararaman, Chairman, ITTA: Dr. Sundararaman while giving an overview of Technical Textiles in India and worldwide stated that Technical Textiles is a 19-billion-dollar industry with aspirations to double that in the next five years. The global technical textile industry is about US$ 237 billion. That is a macro picture! Further, he cited that there are around 2500 members who qualifies as technical textiles manufacturers in India and most of them are SME

enterprises driven more by the entrepreneurial nature of the founders than by big business ideas or big business structure. He remarked that it is important to understand that while entrepreneurship is great, it only takes you so far if you are able to adopt best practices.

He further stated that the industry was generally challenged to the fact that it did not have a very strong machinery industry for technical textiles in the country. Many of the raw materials that industry uses are imported from outside and there was very little original IP that was being created in this country. He further pointed out that why he mentioned this now because he wanted to project for 2030? There were a few things that would change for sure. Clothing was going to change where a significant portion of clothing would have electronic components in them which could measure the heart rate and other body functions to just changing colours based on sensor input. Such products were already available in the western markets. Fabrics that were going to be used in clothing in the next ten years' time were going to be electronicized. That is one trend, he was seeing right now. He further stated that a significant shift will happen towards products derived out of biodegradable wastes, agricultural wastes, and broadly from biodegradable polymers, primarily in the areas of packing, gas barrier fabrics and many other fabrics, we would actually have a totally different product class from what's happening today. An emerging area, where he noticed increasing applications across various technical textile segments was Nano Technology. He cited that there will be an increased use of commercial scale of nano technology, in all the kinds of finishing processes and in other advanced technical textiles. He further stated that India was going to be a powerhouse by 2030, in terms of domestic consumption and sophisticated market as well. It was just not sheer size of the market, the Indian consumer were going to be at par with most affluent nations in terms of what they want and that was the opportunity for which we need some amount of original IP creation in our country. The buildings we are sitting in are going to change in 10 years' time. In the mission on technical textiles as we all know 2084 crores, the government is trying to address how do we create original IPs and give it to Indian companies. If you are able to go out and seek this IP from outside in the form of joint ventures because again to reiterate this is going to be the place in ten years' time. But if you remain the low end of the business that we are squandering the opportunity, a concrete effort go towards IP creation and being cutting edge, being respected as a knowledge leader. The branding will come out as a respected knowledge leader. That's the kind of focus that the technical textiles industry will have to have if we want to make India a powerhouse in this sector in 10 years' time.

Special Keynote Address

by Mr. Harish Bijoor, Brand Guru & Founder, Harish Bijoor Consults Inc.

In his keynote address, Mr. Harish Bijoor shared his views on rebooting the textile and apparel industry, adoption of various measures for endurance, and how to stimulate brand's presence across the globe.

In his own enigmatic style of presentation, he did not use Powerpoint presentation instead used “razor” attached with sticky notes pad with topics written on it, which was an innovative style of presentation. He insisted that he would be leaving thoughts for the attendees to ponder over. As the conference was on Rebooting the Textile & Apparel Sector, he cited fresh insights from the market research study conducted for the sector recently in India and in parts of Sri Lanka.

Before delving into detailed discussion, he was straight-forward to admit that “Industry was at crossroads” He referred to the Pre-Covid and Post-Covid era. He pointed out that it was unusual businesses before the pandemic and now the time has further got tougher. Hence, it will divide the India into Big India and Small India. Big India refers to “Tier 2-3 cities” while Small India meant “Metros”. Talking about the industry supply chain he said, the Textile and Apparel Industry is inter-connected and also had around 120 million people at front-end and another 120 million people involved in the back-end processes, which was huge and we need to think about how to sustain our businesses. As he mentioned earlier, there were two India in terms of consumers, he also divided the products into two categories: “Functional and “Cosmetic”. According to him, Functional was what we needed the most and Cosmetic was something which was not quintessentially important for a human being. Citing many examples around this, he emphasized on the need to 'Reinvent' strategies, processes, products to survive. He said, “we need to do things differently because all of a sudden the world is not flat”. He added that many countries have announced insularity, India is of course one of them, the pertinent question that arises is how do we manage?

Emphasizing on 'Desinomics' as the way to overcome this situation, he advised industry to adopt the Atmanirbhar Mission and to work on self-reliance with quality and differentiation. He stated that we should sit down and do audit of our products and prepare a plan as there's a need for it as a big industry. It's extremely important to take industry-wide efforts which was generic, he said. There should be product specific development targeting countries. A Covid consumption matrix should be chalked out. There should be an industry wide effort whether it was spinning or the weaving or front-end, all the stakeholders should come and work for a common goal. He gave two suggestions for the industry. First, adopt 'desinomics' focusing on a leadership within the industry that can drive the industry without leaving representatives from any segment. Second, rebuilding the economy and sector by analyzing the rising societal consciousness and on generic terms were the few solutions which if adopted can change the wheels of the industry.

Session-2	Brand and Retail – Emerging Scenario in Textiles & Apparel
Chaired by	Mr. Rahul Mehta, MD, 1090F | Fusion Beats | O2xygen, Creative Garments Pvt. Ltd.
Moderator	Dr. Hitesh Bhatt, Retailers Association of India (RAI)
	Mr. Nitin Mohan, Founder & Director, Blackberrys Menswear
	Mr. Siddhartha Bindra, Managing Director, BIBA Apparels
	Mr. Max Gilgmann, Kaleidoscope
	Mr. Ganesh Subramanian, Founder & CEO @Stylumia

In this session, industry experts from Blackberrys Menswear, BIBA Apparel, Retailers Association of India (RAI), Kaleidoscope, Creative Garments and Stylumia discussed about trends, development, and the future of brand and retail.

Mr Rahul Mehta while chairing the session gave an overview of the present situation in which Industry was dealing with the Covid crisis. On an optimistic note, he pointed out that there were some aspects/ features that would be changing very rapidly but at the same time there will be some that won't be changing at all. There will be some continuity in the way, the industry was operating. One of the features was a fact that people will continue to wear clothes. Secondly, the industry so far had been dominated in numbers by the smaller manufacturers but in terms of the share of the industry, by the bigger players although, the contribution of smaller players could not be ignored, the bigger players would continue to dominate the share of the total market. Thirdly, T&C industry will continue to be a low margin industry with a few exceptions like Technical Textiles and some innovative products in the garment sector where there were high margin products. These were few features which were not going to change Post Covid also.

Mr. Mehta was of the view that for the next one-and-a-half year, smaller players would find it difficult to survive and hence there could be some mortality and also few consolidations in terms of bigger players expanding their markets. Hence, there will a movement from unbranded or regional labels to the branded products particularly in the Indian apparel industry.

Mr. Rahul Mehta stated that even in the textiles for that matter, there were lots of small labels who were entrepreneur driven/ owner driven, they had their identity, they had their brands but were really not the national in scale and were really not promoted to the consumer as a brand, they act merely as a differentiating name to the rest of the products in the market. A more specific branded product with more unique characteristics to the product with more effective communication and more precise consumer profile with a sharper target audience will see a rise post-Covid-19. Secondly, there will also be a sharper difference between a manufacturer and a brand owner. There will be a change in which manufacturers will concentrate their resources on expanding manufacturing capacities, efficiency and cost rather than involving themselves in every bit of other things like branding or marketing etc. On the other hand, brand owner would solely take the responsibility of effectively communicating to consumers and taking part in the retailing activities rather than going into the manufacturing arena. Thirdly, channels of distribution will also be distinctly visible, as there was online all over but offline retailers, MBO's and other modes of distribution will remain intact. However online as medium will certainly flourish that people cannot afford to ignore but other new modes of channels were also developing that would help cross selling of the products. Last but not the least, consumer behaviors was going to change. Consumers were going to buy less in quantity and also in frequency, so brands' positioning had to be far sharper than the earlier times. So, the final question that could be pinpointed for the discussion with our panelists could be to chalk out a strategy about what changes one needs to bring in their business model in terms of size, scale, differentiation and consumer profiling, branding pricing and communication strategy etc.

Reacting to the question raised by Moderator on the changing business models and what were those changes that industry could see in the next 6-8 months from here, **Mr. Siddharth Bindra** said that Business models were going to be disrupted and omnichannel presence will be the new ways as one had to provide the leeway to consumers where they wanted to shop and also there will be tectonic shift from offline to online due to Covid-19 prevailing situation. It's not that offline will be shunted but as even the new consumers who didn't had online shopping experience had to forcibly shift to this mode of shopping and they were quite happy with their experiences as a result many companies will have to adapt to online mode and business model have to be completely redrawn. Businesses have to adapt omnichannel presence as that was going to be the way forward. Further, Technology would make the businesses more efficient in attaining reduced inventory models that would be beneficial for the brands in the long run.

Mr. Nitin Mohan picked up the conversation quoting Mr Siddharth's comments on the inventory models and its efficacy with shared future and shared returns. He insisted for an industry wide movement and inventory was that one thing that industry got to deal with efficiently where the businesses need to take care of customers inventory also help factories, suppliers manage their inventory in a manner that it doesn't become a burden. Technology will indeed come to aid in this. The trend was changing where showing more doesn't mean selling more. Industry needed to clearly analyse deeply what works for the customers and then take that call of what to produce. Secondly, post Covid-19 retail experience was going to be impacted in a big way where brand owners will have to bring in a fresh wave of excitement to give an exclusive retail experience. Industry got to look at value now more than volumes. Pricing can be looked not as a selling strategy but an opportunity to correct some of the mistakes done by an entrepreneur in the past.

Mr. Ganesh Subramanian, Founder & CEO @Stylumia stated that Covid-19 had created a reflection for the industry globally not only in India. Covid-19 had shaken us and encouraged us to do

something which we could have done long time back. He emphasized on the importance of online businesses, how we could have switched our businesses a few years back to online format, which post Covid we will have to purse forcibly. Hence, it's a huge point of reflection for us. He cited Nike's business in China which derived out of switching to online business format. Digital awakening has happened for us and consumers has been shifting to smartphones, Internet has gone up. He narrated the need for switching to digital needs. Industry needed not only speed but velocity too. Industry could function the normal way now. It needed velocity i.e. speed with direction. In this digital space, the only key to winning is "data" that's' technology will help. We always talked about streamlining the supply chain with the help of technology, however, my question is when will we use technology to decide what product to make? He stated that we need to crash the supply chain from speed perspective and use consumer signal to inform us what to make. We have made such informed decisions in the future. In future we need data as awakening, consumer at the centre and velocity as business model. Small players too have tremendous opportunity in this digital space.

Mr. Max Gilgmann from Kaleidoscope was of the view that it's a moment of creativity and shifting from products to get different product ranges. He emphasized on merging the product with services. He quoted Nike business example from China, Nike made huge revenues not only by selling the products online, but they merged it with fitness app that boosted the sales by leaps and bounds. Similarly, manufacturers do have to focus on the core business but at the same time agility was more important for business diversification. A very easy revenue making techniques in the future will be merging services with your products. Global trend was not being either online or offline, but it was about developing hybrid systems. We are witnessing big retailers with physical presence move to online spaces and vice-versa. This will be the trend for the future and data would be providing the insights for better production planning. As far as Germany was concerned, he said here the luxury-end products were doing well, and the problems were with mid-sized retailers. He also stated that focus was the most important attribute and branding was also an extremely important element.

SESSION 3:	Digitization, Automation & Innovation in Textiles & Apparel Industry
Chaired by	Mr. D.L. Sharma, Deputy Chairman, CITI & MD, Vardhman Yarns & Threads Ltd.
Moderator	Mr. Prashant Agarwal, Jt. MD, Wazir Advisors
	Mr. Ram Sareen, Chairman & Founder, Tukatech
	Mr. John THorbeck, Chairman, Chainge Capital LLC
	Dr. Akshay Kumar Sardana, Technology Leader, South-Asia Biomaterials, Dupont

While chairing the Session, **Mr. D.L. Sharma, Deputy Chairman, CITI** opened his remarks by saying that he was not a qualified person in terms of technology but basically a textile manager managing textile business and various operations since last 45 years. However, he had seen various phases of technology and how the textiles had evolved with the support of technology, especially in the machinery and processing sector, over these years. He further stated that Indian T&A Industry is one of the dynamic industrial sectors of India, but this industry was slow in adopting to the latest emerging technologies as compared to our peers particularly China, Bangladesh and Vietnam. He highlighted that in today's smart manufacturing environment, T&A industry faces challenges such as efficiency, sustainability, and quick response to clients' dynamic requirements as well as product quality. The Industry was also facing certain challenges due to its nature like short lead time, high factor costs, low productivity levels, regulatory compliances, being textile a labour intensive industry and required a lot of attention in terms of building sustainable businesses, which ascertain its survival. He observed that the advent of fast fashion has interrupted the industry by increased demand for quick production and frequent changes in the product lines. He suggested in order to cope up with these challenges and optimize costs and resources and to remain competitive among peers, it has become essential for the textile professionals to understand and capitalize on all possible aspects of digitization, automation and innovation. He also stated that the global textile industry had taken a paradigm shift with the advent of technology, usage of big data analytics, robotic automation and usage of internet in the management of this industry. Hence, the industrial ecosystem and global sustainable business trends and consumer driven economies has put pressure on the industry to become more and more sustainable, innovative and agile because consumers especially the youth of today were more aware about technology and willing to pay more for eco-friendly products. He observed that companies which will innovate will survive and digital technologies will facilitate new business models. He also stated that pandemic has resulted into broken value chains, shifting customer demands and purchase pattern leading to a disconnected demand and supply. The prevailing circumstances will force customers to rethink their purchase requirements and shift to contactless mode of deliveries which was going to become a new normal in the coming days. He further stated that Covid pandemic had necessitated the need of rapid digitization of traditional retailers coupled with shifting customer segments and purchase preferences and the need for innovations in the artificial intelligence space. He also stated that innovation is the new buzzword in the industrial and manufacturing sectors globally and becoming a prerequisite for every industry to do new things and to remain competitive and adopting innovative models to enhance their productivity and efficiency globally. The renowned companies have become successful by continuously evolving their systems and processes to not only meet the ever-changing demand of consumers but also by introducing newer and better products. He further stated that the aspects of smart manufacturing and adoption of latest technology had so far been neglected by the Indian textile and apparel companies and only handful of large and organised companies actually followed the systematic procedures for manufacturing and focused on incorporating modern technology into the system. He summarized by saying that there were many manufacturing trends such as customized manufacturing, 3D manufacturing, on demand manufacturing, cluster factors, customer-centric approach and artificial intelligence, which Indian companies should adopt for their future growth. He further stated that the sector had immense potential to deliver on the technology adaptability as the Indian companies had requisite strength in terms of raw material availability, manpower availability, large industrial market, domestic market and global market presence of complete manufacturing value chain.

Mr Prashant Agrawal, the Moderator, congratulated CITI for choosing such an interesting topic for the conference and opined that Rebooting is certainly going to take place with the passage of time.

However, currently industry have to rethink in terms of how it can be run in a better manner?

He stated that even if all the other required items like manufacturing facility, buyers, retailers or brands are present in the Textile and Apparel industry, future businesses cannot sustain without **Digitization, automation and innovation**. He set the tone of the discussion by refereeing to the discussions held in earlier session which was on Brand and Retail. He quoted that the earlier panelists too emphasized on digitization and innovation as an important factor that would play an important role post Covid-19 era.

Further, introducing other eminent panelists of the session, he posed a fundamental question to the panelist - *What do we actually mean by innovation and what it takes to bring innovations in an organization?*

According to Mr Agarwal, one of the most important fundamentals is understanding consumers' need, as the whole of consumption dynamics was changing so businesses have to be agile and to meet that need industry required digitization, automation and innovation.

Elaborating on the need of digitization, automation and innovation, he said that digitization involves faster decision-making process, quick response and cost cutting, whereas automation gives scale, flexibility and productivity and innovation takes into account the innovative product's processes and sustainability.

He further questioned the panelist *Is completion on cost or innovation or both? Can automation give scale as well as flexibility?*

Mr. John Thorbeck shared that he had been associated with the Indian textiles since 1995 when he was involved in a study sponsored by the Ministry of Finance and ICICI through Harvard University looking at what would be the future of Indian textiles and how can India be competitive on global front? The Indian textile industry is the most globalized, complex and inefficient industry in the world. He further stated that it takes a crisis to bring in the change in the system. Sometimes good things come out of necessity. He said, "We can't just jump to Artificial Intelligence or machine learning without looking at the change in the processes". So, we have to look at how we can reduce this uncertainty across the supply chain. And if we can reduce uncertainty, we can definitely improve the performance and we can begin to integrate the supply chain in a flexible manner. This is an opportunity for India to be competitive at the global market. It is an opportunity not just for collaboration but also to cut down all the excess inventories, which is wastage of capital and a burden on the entire supply chain. So, the business model of being faster, leaner, and more frequent is the need of the hour. The focus will shift on more productivity rather than volume.

Mr. Ram Sareen stated that "Change is constant, growth is optional". It means whatever I did yesterday was yesterday's problem and yesterday's solutions. Today it does not apply. All of us, if we really have to make a change, we got to look at only two things: what is it that we are doing and what we should not do to get that job done. If everybody does this, we will find out what were our deficiencies. In garment industry, today it is not just India's problem but it's a global concern. Hence, we all have to take another look. Why am I doing this and what should I be doing? Today, the new normal is that we are going to produce smaller quantities, we are going to produce for local markets as much as possible. He further stated that we are going to shrink the supply chain and produce small quantities. He suggested that now, we must create a mind-set that we don't have to work in huge quantities.

He pointed out India has now to stop comparing itself with any other country like China, Bangladesh, Sri Lanka or Pakistan. Whatever is the market scenario in India, it's not different from any of the countries. India should now focus upon what India is great at like embroidery, fabrics, etc. If India starts thinking that way, then India will not be beaten by anybody.

Dr. Akshay Kumar Sardana shared his experience by saying that he worked with many Indian and international companies and found a huge difference on how we adopt innovation. In most successful companies, innovation is like a process, they have certain fixed amount of revenue allocated to that process. They have a dedicated team from diverse background, and they work along the entire value chain. They understand the consumer prospective and its reaction, bring it back to lab and design the product and launch it as a brand and this is an ongoing process. This is how successful companies like DuPont take innovation. In India, in 1935, material innovation started, and we started inventing synthetic fibre. Till now 35, new fibres have come up. Today, we have developed materials which requires less resources to produce, produces less waste, environment friendly and which can be finally reused. We should be in a good shape to contribute in this scenario and understand consumer needs.

Today, the consumers are smarter than the consumers of the past, consumers know what they are getting as a final product. If a producer is providing some product which is justifying its high-value then the consumer is willing to pay that high price. We need to have teams which understands the consumers' prospective, market intelligence and consumer intelligence.

SESSION 4:	Global Textile Business amidst COVID'19 Crisis
Chaired by	Mr. S.K. Khandelia, Vice Chairman, CITI & President & CEO, Sutlej Textiles & Industries Ltd.
Moderator	Dr. Christian Schindler, Director General, International Textile Manufacturers Federation (ITMF)
	Mr. Stephen Lamar, President and CEO, American Apparel & Footwear Association (AAFA)
	Mr. Han Bekke, President, International Apparel Federation (IAF)

Mr. S. K. Khandelia, Vice Chairman, CITI, while chairing the session, stated that the Indian textile industry throughout its history had a dominant role in exports. In last decade or so we have been exporting between 30% to 40% of our production. He further stated that even after facing so many challenges post Covid-19, still Indian textile entrepreneurs have shown great commitment and determination, hard-work, resilience and entrepreneurship to gain back the lost momentum. As Chairman, CITI earlier pointed out in his welcome address that prior Covid-19 crises, we were not manufacturing a single piece of PPE, however, now we are not just catering to 1.37 billion people but also have export surplus PPE kits. This

shows the determination and agility of the Indian textile industry. He pointed out that our present challenges to some extent have increased because our export basket majorly cater to cotton based textiles, whereas, major business in the global market deals in MMF products where our presence is significantly low. Despite reduced consumer demand post Covid-19, the Indian textile industry hope to overcome the present crises because of abundance raw material supplies, world class manufacturing facilities as far as spinning and home textiles are concerned, availability of skilled workforce and cheap labour. Of course, today, we lack in fabric manufacturing, scale of operations and poor infrastructural facilities, however, we have regional co-operations to deal with such issues. For example, Bangladesh and Sri Lanka are exporting garments to us and we are supplying yarn and fabrics to them. He stated that Mr. Ram Sareen earlier mentioned that every country is unique and different, similarly India has its own strength and weaknesses and should play on our strength. This will help us to enhance our exports post Covid-19 crisis.

Dr. Christian Schindler, while moderating the session, posed a question towards Mr. Lamar that global textile value chain has gone through unprecedented supply and demand shocks in the last few months. As per the ITMF Corona-19 survey, turnover in the textile value chain is expected to be down on an average of around 30% in 2019-2020. Today, the retailers and brands are re-structuring their businesses, all are filing for Chapter 11. Which type of retailers and brands will perform better and why?

Mr. Stephen Lamar responded by saying that he would look at two things to explain his answer: First, companies which had access to liquidity throughout the crises were definitely more successful and have more prospects than those who do not had have access to liquidity. This is where, we were pushing hard for companies to get access to the government liquidity in the form of financial relief package like low interest loans and no duty/surcharge on credit insurance. This is an on-going process. However, even the companies with good cash-flow will also face problems if their cash-flow get restricted for a long period. Secondly, the companies which had access to the consumers through-out this process. Such companies will also have to take into consideration a lot of thinking that will go into to understand this larger issue of crisis. Now, the question arises, will industry be able to safely re-open and able to stay open even if the virus continues to spike in certain places? There are a lot of companies which are making PPE kits as it was an opportunity to help them recover and this was a way to provide employment to their workers. E-commerce has also provided a big platform to sustain to lot of companies during this crisis time.

Dr. Christian Schindler posed a question to Mr. Han Bekke that apparel industry across the globe was faced by avalanche of cancelations and delays of orders. ITMF Corona survey reviews that 30 to 40% of orders were cancelled or delayed during the first few months of pandemic. What are the lessons that can be drawn from this crisis for the global apparel industry?

Mr. Han Bekke while responding to the question stated that lesson to be drawn from the present crisis is that there wasn't any imbalance in the supply chain between supplier and consumer in terms of buying practises. Many brands and companies said that they were very sustainable before Covid-19, but after that they are facing financial problems and due to that they cancelled one sided orders or changed payments conditions. Some companies have moved their problems down the supply chain. And this situation is still continuing in apparel and textile industry and the companies are still in bad condition. We are working on improving this balance. We are working on a pilot project in Bangladesh to see how we can strengthen the position of the suppliers based on collective payment and delivery conditions.

Dr. Christian Schindler posed a question to Mr. Khandelia saying that just a few weeks ago ITMF published International Textile Machinery 2019 Report. Once more China was the largest investor in all textile machinery segments followed by India on second place. What was the impact on India in the past 2 decades in comparison with China? Will this crises potentially be a game changer in relation between China and India as suppliers to the world?

Mr. S. K. Khandelia replied that this was precisely the question which was agitating the minds of people in the textile industry, other stakeholders, and policy makers in the government. Our previous speakers have given the history of Indian textile industry. At one point of time, we were having 100s of textile units producing world class fabrics and exporting to the world. It is the policies of the successive governments which had resulted into the situation where they preferred small and medium scale enterprises (SMEs) at the cost of large-scale industries. Whereas, both should have come complementary to each other which actually did not happen. On the contrary, China had been investing in scale and world class facilities with the government support and favourable policies. Due to domination of unorganized sector in India which resulted into the disintegration of the entire textile value chain, the cost competitiveness could not come, adoption of technology had been very poor, product and process innovations could not take place, research and development took back seat and product penetration in the export markets could not reach the

level where it should have been. So, you know garment is the growth engine of the entire textile value chain and the garments were reserved to the small-scale industry. So, this is the reason, India's garments were not doing well particularly in the export markets and China's entire textile value chain had grown which was basically an export led growth. Whatever was our position in the past had been taken over by small countries like Bangladesh and Vietnam. So, the prospects of keeping small scale industry has destroyed our large-scale industry.

Earlier, in India, MMF was discriminated w.r.t. duties and taxes. Whereas on the global trade, MMF based textiles was getting stronger day by day and today MMF based textiles accounts 70% of the total trade and only 30% is cotton. But in India, the share is just the reverse of it. Hence, our product offering has been very low. China not only invested in MMF manufacturing but also on MMF based value chain. There are other structural issues like high power cost, finance cost, logistic cost, etc. which have adversely impacted the competitiveness of the Indian textile industry. We don't have domestic machinery manufacturing capabilities except in spinning and the importance of the same is very well proofed that is why India's spinning industry is world class. Domestic production of spinning machinery results cheaper spare parts and faster services as compared to other machinery. Ease of doing business had been an issue and land, labour and other issues due to which FDI and domestic industry could not come forward w.r.t. investments. There is a golden rule of investment which is "money goes there where there are returns", traditionally margins in the textile industry has been low. Until and unless those margins improve, it is difficult to get the investment. Whereas, the Chinese government has been incentivising and supporting this in one way or the other. Truly, I am unable to understand how Chinese products costs so less which I think would be because of these incentives only. Because of all these issues, we have not been able to capitalize on our inherent strength.

Answering the other part of the question, Mr. Khandelia stated that yes, the situation will change after Covid-19. The simple reason was that the government under the Atmanirbhar Bharat scheme has chosen textiles as a sector which is to be focused upon for the growth by way of various measures like establishing mega industrial parks near ports and having large scale industries with entire textile value chain at one place. This can be the game changer. In those parts, the government is likely to take care of all the structural issues, ease of doing business and availability of finance as well. Secondly, we do not have FTAs with major markets, whereas China has very good trade agreements. Due to this disadvantage, we had to suffer in consumer markets like USA, European Union and UK. Despite of these challenges our industry has been going well. Now our government has started to reimburse local taxes and duties in garments and made-ups. The new scheme RoDTEP, hopefully, will cover the entire textile value chain and this will improve our competitiveness. So, what I mean to say is that as our chairman mentioned earlier that the Hon'ble Prime Minister of India has given the due importance that it is the industry from the employment point of view because to every 1 USD spent in textiles generates more employment than any other industry in India. We still have the inverted duty structure, but our government is trying to set it right and once done it will be again a big step. The Government had recognized that without focusing upon MMF based products, it will be difficult to achieve our target figure of USD 350 billion by 2025. The Government is trying to remove all the hurdles as much as possible. Another area is technical textiles, in which we are importing everything. Our Government is very aggressively focusing upon that and I hope since they are basically MMF based products once it happens, we will be doing very well in the technical textiles. Today, we have 1.37 billion population, so it is a huge market, even to cater this market we will have to be globally competitive because it's global trade. Another thing which had happened during this Covid-19 crisis was shifting of businesses from China to other countries and people are realizing that it is not good to have only one supplier. So, I think, things are going to be very bright after the Covid-19.

Dr. Christian Schindler asked Mr. Shephen Lamar that in the last ITMF Corona survey in June, there was a question on the speed of the recovery in which as per the Report 23% of the companies hoped that they will reach pre-crises level in the first quarter of 2020-21. Another 21% expected this to happen in the 2nd quarter of 2020-21. Another 20% being very optimistic expected it to happen in 4th quarter of this year. What are your expectations with regard to the speed of the recovery?

Mr. Shephen Lamar stated that we should hope for the best and expect the worst also. We will be in this situation for a while and think that it will remain till next year if not longer. The key question is that how quickly we understand that how we can smartly live with this virus and this will be the new normal.

Dr. Christian Schindler asked another question which was on the structural changes, which he felt will influence our textile industry because this pandemic is likely to change some fundamentals in the next few months and years. He again, invited opinion on this, what will gradually change in the global textile and apparel value chain? He referred some theories about

reshoring and reassuring in different regions of the world. Who will be leading the reshoring and reassuring tendencies? Will it be the retail industry, suppliers that would shift their production to different regions, or it will be the manufacturing industry that has to diversify?

Mr. Shephen Lamar replied that we have already talked about E-Commerce, making the companies to remain online, or come online and capture some sales. The current tensions are forcing the companies to move out of China and the supply chain are now becoming more regional. This is being seen more in the western hemisphere. A lot of activities, in this regard, are being seen in Central America, Colombia, and Mexico and this is initiated because of the agreement with Mexico which will bring in more stability. If the supply chain becomes more regional, it will help to serve the E-Commerce better since being closer to your market. Hence, today everybody is initiating this relocation.

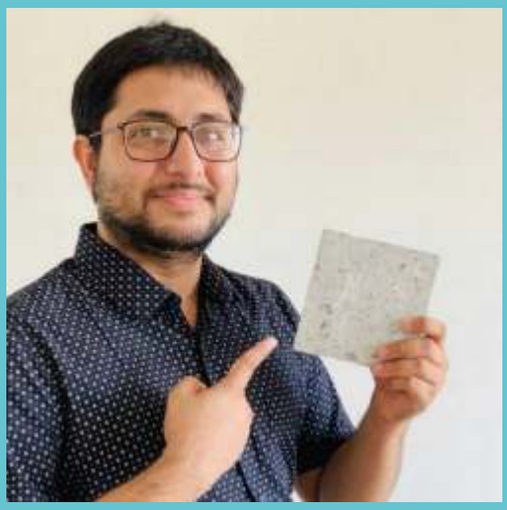
Mr. S. K. Khandelia while concluding the Session stated that changes had already started taking place. In India, for example the retail is not taking place properly. Now, everything is happening through e-Commerce. Anyone who is requiring the essentials is placing orders online. Secondly, as you mentioned, Asia has the largest population, so regional co-operations are going to be accelerated. In fact, already it is happening. So, you must understand what the consumer wants and whoever will be able to produce at a competitive price, deliver it very fast, will survive. Earlier manufacturers use to compete, but now they are collaborating with each other. So, rebalancing of the supply chain is taking place.

At the end of the E-conference, Mr. D.L. Sharma, Deputy Chairman, CITI proposed Vote of Thanks to all those who supported this event and reiterated that in the E-conference "Rebooting the Textile & Apparel Industry", Speakers deliberated upon at length to find quick and apt solutions of the issues and challenges emerging from the Covid-19 situation which industry never faced before. He was optimistic that with the kind and much needed support and guidance of the Government of India, the Indian textile and apparel sector will overcome all the issues it is facing right now due to this Covid-19 pandemic.

Textile INNOVATIONS

.....NEXT BIG THING AHEAD.....

INDIA'S 'RECYCLE MAN' MAKES BRICKS FROM DISCARDED FACE MASKS



Binish Desai's latest invention — Brick 2.0 — comes at a time when the plastic crisis has snowballed the world over. The 'Recycle Man of India', who shot to fame in 2010 for designing P-Block (bricks from industrial paper and gum waste), spent the last few months working on converting discarded face-masks into bricks and is now gearing up for commercial production.

In April, when the lockdown began, Desai, 27, immersed himself in his home laboratory, which he created when he was aged ten. "Initially, everyone was talking about how the lockdown had helped reduce pollution, but I could only think of what the rising demand for PPE suits and masks would lead to," says the founder of the Gujarat-based Eco-Eclectic Technologies, who has always focused on recycling neglected waste material.

He started studying the material the masks are made of, a non-woven fibre, by collecting used masks from his family. "I dumped them in a bucket of disinfectant for two days before starting work," says Desai. He then mixed them with "special binders" created in his lab.

ITEMATECH TO SHOWCASE COMPREHENSIVE TECHNICAL WEAVING SOLUTIONS AT CINTE TECHTEXTIL

Itematech is exhibiting at CINTE Techtextil China (Hall E01 – Booth E1) from 2-4 September at the Shanghai New International Expo Center, Shanghai. Itematech is the brand-new Technical Division exclusively dedicated to producing weaving machines for the benefit of technical fabrics weavers launched in 2019 by Itema, the Italian leading global provider of advanced weaving solutions, including best-in-class weaving machines, spare parts and integrated services.

"The strategic alliance between Itema and PTMT (formerly Panter) leads to a complete and never-before-seen product portfolio, which ranges from negative and positive rapier, to air-jet and projectile weaving machines," Itema said in a press communication. "Thanks to the strong know-how resulting from the merger of the two historic weaving manufacturers expertise and competences, technical fabrics manufacturers will now on find in Itematech a unique partner and technological reference point to meet and exceed all their needs when it comes to weaving the full range of technical applications."

Mr. Paolo Pezzoli, Itematech Sales Director, comments: "As a partner and weaving machinery supplier to textile manufacturers worldwide, at Itema we strongly believe in the endless opportunities and the growth potential of technical applications, that represent a consistent and growing portion of our annual overall turnover. China is a strategic area, along with Asia in general, where the adoption of our technology for technical textiles is on the rise. A significant number of weaving machines by Itematech are used for technical textiles, like geotextile, coating, filter fabrics to list just a few applications."

CITI HAILS DECISIONS OF UNION CABINET FOR BOOSTING MSMES, FARMERS, STREET VENDORS AND AGRICULTURE SECTOR

New Delhi, Monday, 1st June 2020: Shri T. Rajkumar, Chairman, CITI welcomed the decisions of the Union Cabinet chaired by the Hon'ble Prime Minister of India, Shri Narendra Modi which will provide the economic support for MSMEs, Farmers, Street Vendors and Agricultural Sector. He stated that MSMEs, Farmers and Agriculture Sector are the backbone of the Indian economy and growth of these sectors is the growth of the overall economy.

Shri Rajkumar appreciated that MSMEs which has 29% share in the country's GDP and 48% share in the country's exports and provide employment to millions of people, will receive maximum benefits from the change in the definition of MSME under which turnover limit for medium enterprises has been revised upward to Rs 250 crores from present Rs 100 crores, as announced earlier. Under the new definition, the distinction between manufacturing and services enterprises has been eliminated.

CITI Chairman pointed out that in the revised definition, even small weaving mills may be able to come and because of this many garment manufacturers will be benefited. He further stated that the Centre's revision in the definition of MSMEs will give MSMEs the much-needed confidence to grow and will promote its seamless expansion in the country.

Chairman, CITI also welcomed the decision of Distressed Asset Fund of Rs 4,000 crore created to help weaker MSMEs that are struggling through NPA norms due to the outbreak of COVID-19 Pandemic and this fund will bring them back into the business and they can start the business activities afresh with the help of this fund. Further Rs 20,000 crore subordinated debt for stressed MSMEs is likely to benefit 2 lakh stressed MSMEs.

Shri Rajkumar felt that this is the first time when the Government has given so much importance to the MSME Sector. He further stated that the Government's announcement of Rs 10,000 crore funds for MSME to get listed in the stock market is a welcome measure. He pointed out that as Shri Nitin Gadkari stated that along with the other investment, this fund will reach Rs 50,000 crore and more funds from the market to MSMEs-Listing in the stock market will make MSMEs attract more funds from the market and this will boost the MSME Sector to enhance its reach to major destinations.

Chairman, CITI also appreciated the decision of Rs 10,000 one-time loan to be disbursed to 50 lakh street and footpath vendors which can be returned in one year. He also welcomed the decision that Farmers will be benefited from reduced loans of Rs 3 lakh by 2% which will be disbursed till 31 August 2020 and those farmers who will repay their loans timely till August 31, 2020, will get a 4% waiver on their loans.

Mr Rajkumar appealed to the Government to consider industry's urgent demand of extending the moratorium for repayment of loans and interest up to 31st March 2021 and extend 25% additional working capital without any collateral or margin money for all the categories of accounts other than MSMEs also. He has also hoped that the Government would consider T&C Industry's demand for

one-time debt-restructuring which can solve many financial related problems of the T&C Sector.

CITI Chairman also felt that the Government would soon announce a special package for boosting exports for all the textiles & clothing products including cotton yarn and fabric to grab the emerging opportunities and also consuming the surplus cotton that might significantly affect the cotton farmers in the country.

Chairman, CITI concluded by saying that though the revised upward limit for the medium enterprises to Rs 250 crores excluding exports from Rs 100 crores, as announced earlier, will certainly boost many companies which were not able to come under MSME category, however, in order to encourage technology up-gradation and scale of operation in the textile sector, the condition of “investment and sales turnover” needs to be modified as “investment or sales turn over'. He hoped that the capital intensive textile sectors like spinning, independent weaving, processing, etc, will also get the much needed economic package to tide over the ill-effects of COVID-19 pandemic situation.

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

Description	May '19	May'20	% change	Apr'19-May'19	Apr'20-May'20	% Change	% share of total Apr'19-May'19	% share of total Apr'20-May'20
Textiles and Made-ups								
Cotton								
COTTON RAW INCLD. WASTE	50	48	-5%	119	60	-49%	2%	3%
COTTON YARN	241	154	-36%	507	206	-59%	8%	12%
COTTON FABRICS, MADEUPS ETC.	511	254	-50%	984	328	-67%	16%	19%
	802	**456**	**-43%**	**1,610**	**595**	**-63%**	**26%**	**34%**
Jute								
JUTE, RAW	1	0	-74%	2	0	-91%	0%	0%
JUTE YARN	1	0	-68%	2	0	-81%	0%	0%
JUTE HESSIAN	9	2	-74%	17	3	-80%	0%	0%
OTHER JUTE MANUFACTURES	13	4	-71%	21	5	-79%	0%	0%
FLOOR CVRNG OF JUTE	6	3	-44%	11	4	-65%	0%	0%
	30	**10**	**-66%**	**54**	**12**	**-77%**	**1%**	**1%**
Silk								
SILK,RAW	0			0		-100%	0%	0%
SILK WASTE	2	1	**-12%**	2	2	-23%	0%	0%
NATRL SILK YARN,FABRICS,MADEUP	5	2	**-54%**	9	2	-76%	0%	0%
SILK CARPET	2	1		4	1	-77%	0%	0%
	8	**4**	**-48%**	**16**	**5**	-68%	**0%**	**0%**
Wool								
WOOL, RAW		0		0	0	-13%	0%	0%
WOLLEN YARN,FABRICS,MADEUPSETC	19	6	-69%	36	8	-77%	1%	0%
	19	**6**	**-69%**	**36**	**8**	**-77%**	**1%**	**0%**
Manmade								
MANMADE STAPLE FIBRE	58	23	-60%	100	40	-60%	2%	2%
MANMADE YARN,FABRICS,MADEUPS	405	167	-59%	796	229	-71%	13%	13%
	463	**190**	**-59%**	**896**	**269**	**-70%**	**14%**	**15%**
Others								
CARPET(EXCL. SILK) HANDMADE	123	66	-46%	227	75	-67%	4%	4%
COIR AND COIR MANUFACTURES	31	39	25%	62	54	-13%	1%	3%
HANDCRFS(EXCL.HANDMADE CRPTS)	181	50	-72%	320	62	-81%	5%	4%
HANDLOOM PRODUCTS	35	8	-77%	62	9	-86%	1%	1%
OTH TXTL YRN, FBRIC MDUP ARTCL	41	26	-38%	80	30	-63%	1%	2%
	412	**188**	**-54%**	**752**	**230**	**-69%**	**12%**	**13%**
Total Textiles and Made-ups	**1,734**	**855**	**-51%**	**3,364**	**1,119**	**-67%**	**53%**	**64%**
Apparel								
RMG COTTON INCL ACCESSORIES	829	288	-65%	1578	364	-77%	25%	21%
RMG MANMADE FIBRES	389	133	-66%	744	162	-78%	12%	9%
RMG OF OTHR TEXTLE MATRL	283	89	-69%	558	109	-80%	9%	6%
RMG SILK	13	6	-56%	29	6	-78%	0%	0%
RMG WOOL	15	1	-93%	27	2	-93%	0%	0%
Total Apparel	**1,528**	**517**	**-66%**	**2,936**	**643**	-78%	**47%**	**36%**
Grand Total	**3,262**	**1,371**	**-58%**	**6,299**	**1,763**	**-72%**	**1**	**100%**

Data Source: CITI Analysis based on DGCI&S data extracted on 14th August 2020

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

Description	May'19	May'20	% change	Apr'19-May'19	Apr'20-May'20	% Change	% share of total Apr'19-May'19	% share of total Apr'20-May'20
Textiles and Made-ups								
Cotton								
COTTON RAW INCLD. WASTE	89	41	-54%	156	71	-55%	12%	10%
COTTON YARN	2	1	-42%	3	2	-36%	0.3%	0.3%
COTTON FABRICS, MADEUPS ETC.	48	22	-54%	88	39	-56%	7%	6%
	139	**64**	**-54%**	**247**	**112**	**-55%**	**19%**	**16%**
Jute								
JUTE, RAW	2		-100%	3		-100%	0%	0%
JUTE YARN	5	0	-90%	8	0	-94%	1%	0%
JUTE HESSIAN	2	2	-26%	6	2	-61%	0%	0%
OTHER JUTE MANUFACTURES	7	2	-78%	15	3	-83%	1%	0%
FLOOR CVRNG OF JUTE	0	0	1140%	0	1	550%	0%	0%
	15	**4**	**-73%**	**32**	**6**	**-82%**	**2%**	**1%**
Silk								
SILK,RAW	12	5	-62%	26	8	-70%	2%	1%
SILK WASTE	0	0	26%	0	0	-35%	0%	0%
NATRL SILK YARN,FABRICS,MADEUP	4	2	-59.4%	8	3	-67%	1%	0%
SILK CARPET	0	0		0	0		0%	0%
	16.3	**6.5**	**-60.4%**	**33.8**	**10.4**	**-69%**	**3%**	**2%**
Wool								
WOOL, RAW	28	16	-42%	56	32	-43%	4%	5%
WOLLEN YARN,FABRICS,MADEUPSETC	11	7	-34%	18	9	-52%	1%	1%
	38	**23**	**-40%**	**74**	**41**	**-45%**	**6%**	**6%**
Manmade								
MANMADE STAPLE FIBRE	46	28	-38%	83	56	-32%	6%	8%
MANMADE YARN,FABRICS,MADEUPS	193	102	-47%	370	187	-50%	28%	27%
	239	**130**	**-46%**	**453**	**243**	**-46%**	**35%**	**35%**
Others								
CARPET(EXCL. SILK) HANDMADE	12	9	-24%	22	15	-32%	2%	2%
COIR AND COIR MANUFACTURES	1	0	-76%	1	0	-81%	0%	0%
HANDCRFS(EXCL.HANDMADE CRPTS)	73	91	25%	137	119	-13.08%	10%	17%
HANDLOOM PRODUCTS	2	0	-97%	2	0	-97%	0%	0%
OTH TXTL YRN, FBRIC MDUP ARTCL	80	42	-47%	147	65	-55%	11%	9%
	168	**143**	-15%	**310**	**200**	-35.43%	**24%**	**29%**
Total Textiles and Made-ups	**616**	**371**	**-40%**	**1,149**	**611**	**-47%**	**88%**	**88%**
Apparel								
RMG COTTON INCL ACCESSORIES	44	8	-82%	77	12	-84.0%	6%	2%
RMG MANMADE FIBRES	20	7	-67%	39	12	-71%	3%	2%
RMG OF OTHR TEXTLE MATRL	20	31	58%	36	57	61%	3%	8%
RMG SILK	0	0	-83%	1	0	-87%	0%	0%
RMG WOOL	1	0	-88%	1	0	-91%	0%	0%
Total Apparel	**85**	**46**	**-46%**	**154**	**81**	-47%	12%	12%
Grand Total	**702**	**417**	**-41%**	**1,303**	**692**	**-47%**	**100%**	**100%**

Data Source: CITI Analysis based on DGCI&S, As extracted on 14th August 2020

MONTHLY EXPORT UPDATE ON TEXTILE AND CLOTHING (JULY 2020)

- India's textile and clothing exports were up by **-11.69%** from US$ **2893.66** mn. in July 2019 to US$ **2555.51** mn. in July 2020. All commodity exports of India were also down by **- 10.21%** in July 2020 over the same month of previous year. Also, the share of textile and clothing in India's total exports declined by **0.18%** in July 2020 on YoY basis.
- During July 2020, the exports of T&A following subsectors have registered positive growth as compared July 2019:
  - Cotton Yarn/fabric/made-ups, Handloom Products etc by **+7.44%**
  - Man-made Yarn/fabric/made-ups etc. by **+23.33%**
  - Carpets by **+ 1.97**
  - Jute Mfg. including Floor Covering by **+6.77%**
- During July 2020, the exports of T&A following subsectors have registered negative growth as compared July 2019:
  - Handicrafts excl. handmade carpet by **-6.12%**
  - Apparel by **-22.09**

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

Export catagory	July-19	July-20	% Change	Apr'19-July'19	Apr'20-July'20	% Change
Cotton Yarn/Fabs./made-ups, Handloom Products etc.	*824.01*	*885.32*	*7.44%*	*3,344.86*	*2,259.69*	*-32.44%*
Man-made Yarn/Fabs./made-ups etc.	*399.32*	*306.16*	*-23.33%*	*1,554.31*	*781.78*	*-49.70%*
Jute Mfg. including Floor Covering	*30.58*	*32.65*	*6.77%*	*109.13*	*68.25*	*-37.46%*
Carpet	*123.4*	*125.82*	*1.96%*	*469.39*	*304.15*	*-35.20%*
Handicrafts excl. handmade carpet	*151.68*	*142.39*	*-6.12%*	*614*	*308.65*	*-49.73%*
Sub-Total Textiles	***1,528.99***	***1,492.34***	***-2.40%***	***6,091.69***	***3,722.52***	***-38.89%***
Apparel	***1,364.67***	***1,063.17***	***-22.09%***	***5,535.09***	***2,509.48***	***-54.66%***
Textile and Clothing	***2,893.66***	***2,555.51***	***-11.69%***	***11,626.78***	***6,232.00***	***-46.40%***
All Commodity	***26,332.63***	***23,642.85***	***-10.21%***	***10,7412.84***	***74,961***	***-30.21%***
% of T&C in Total Exports	***10.99%***	***10.81%***		***10.82%***	***8.31%***	

Source: DGCI&S

QUICK ESTIMATES OF IIP FOR TEXTILE AND CLOTHING SECTOR (T&C): JUNE 2020

Quick Estimates - Index of Industrial Production - Textiles & Clothing

DESCRIPTION	WEIGHTS	INDEX			CUMULATIVE INDEX		
		June-19	June-20	% Change	Apr'19-June'19	Apr'20-June'20	% Change
Manufacture of textiles	3.2913	110.1	50.3	#	115.2	30.9	#
Manufacture of wearing apparel	1.3225	167.3	100.9	#	165.3	57.0	#

*Source: *CITI Analysis & Ministry of Statistics Planning & Implementation; # In view of the COVID- 19 pandemic, the indices should not be compared with those of earlier months.*

- In view of the preventive measures and announcement of nation-wide lockdown by the Government to contain spread of COVID-19 pandemic, majority of the industrial sector establishments were not operating from the end of March, 2020 onwards. This has had an impact on the items being produced by the establishments during the period of lockdown and the subsequent periods of conditional relaxations in restrictions. The Index for the month of **June 2020 stands at 107.8** as compared to **88.4 for May 2020** and **53.6 for April 2020**, indicating a graded pickup in industrial activity in the economy.

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TEXTILE SECTOR SKILL COUNCIL
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PERFECTING SKILLS

Newsletter

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

Textile Sector Skill Council (TSC) in the financial year 19-20 has certified **84,258** candidates. Initiative was taken by RMKV in allocating CSR funds towards improvement of weavers of Arni Handloom Silk Park in their skills has set an example for the industry. This was made possible due to active participation of Handloom Societies under RPL Type-1 and various stake holders under RPL Best in Class Employer.

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. Webinars were conducted to assess the situation post pandemic covid19 and measures to be taken for future training and assessment were explored.

Webinar on Healthcare compliance and work methods - Post COVID19 was organised by Textile Association of India and THE SOUTHERN INDIA MILLS' ASSOCIATION (SIMA) on 22nd May 2020. Healthcare Compliance Code & Work Methods to be followed at the workplace in Spinning mills were circulated to all textile industry.

TRAINING PARTNER WISE CERTIFICATION DATA

PARTICULARS	TOTAL CERTIFIED IN THE FY 19-20
No. of Persons Certified	**84,258**
Mill Sector:	**18,149**
Fresh:	3,707
RPL:	14,442
Handoom & Powerloom Sector:	**66,109**
Fresh:	4,991
RPL:	61,118
No. of Trainers Certified	**1,156**
No. of Training Partners (Affiliated)	**175**
No. of Assessors Certified	**722**
No. of Assessment Agency Accredited (DGT)	**6**

TRAINING PROVIDER	STATE	TOTAL CERTIFIED	
Auro Spinning Mills	Himachal Pradesh	542	MILL SECTOR
Dyers Association of Tirupur	TAMIL NADU	220	MILL SECTOR
Gimatex Industries Pvt. Ltd.	Maharashtra	310	MILL SECTOR
Arvind Ltd.	Gujarat	1,368	MILL SECTOR
Himatsingka Linens	Karnataka	177	MILL SECTOR
Jayavarma Textiles P Ltd	Tamil Nadu	231	MILL SECTOR
KPR Mill Ltd	Tamil Nadu	281	MILL SECTOR
Mahima Fibres Pvt Ltd	Madhya Pradesh	300	MILL SECTOR
Sitaram Spinners Pvt Ltd	Telangana	101	MILL SECTOR
Shri Vallabh Pittie Industries Limited	Rajasthan	135	MILL SECTOR
Sri Jayajothi & Company Limited	Tamil Nadu	194	MILL SECTOR
Kallam Spinning Mills	Andhra Pradesh	111	MILL SECTOR
Arni Handloom Silk Park	Tamil Nadu	661	HANDLOOM SECTOR
Sreeja Educational and Welfare Society	Karnataka	5476	HANDLOOM SECTOR
Valeur Fabtex	Assam/ Meghalaya/ Tripura	4663	HANDLOOM SECTOR
Surabhi Skills	Uttar Pradesh	3730	HANDLOOM SECTOR
Mothkaur-Handloom Weavers Coop Society Ltd	Telangana	1442	HANDLOOM SECTOR
Institute of Skill & Crafts	Andhra Pradesh	3313	HANDLOOM SECTOR
Guhan Tex Solutions	Tamil Nadu	5647	HANDLOOM SECTOR
K B Philanthropy	Manipur	2000	HANDLOOM SECTOR
Digi Venmanya	Tamil Nadu	593	HANDLOOM SECTOR
Choutuppal Handloom weavers Co-Op Society	Telangana	376	HANDLOOM SECTOR
Chanu Creations	Assam/ Uttar Pradesh	1780	HANDLOOM SECTOR

SNAPSHOT OF THE ACTIVITIES

PMKVY RPL at SOFA, Odisha

PMKVY at Sreeja Educational & Welfare Society, Karnataka

PMKVY RPL at Digi Venmanya, Tamil Nadu

PMKVY RPL at Valeur Fabtex Private Limited, Meghalaya

PMKVY ToT at School of Fine Arts, Odisha

Textile Sector Skill Council

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