

# *Strategies for enabling competitiveness in Textile sector*



# ***Textile and Apparel Industry India: key highlights***

*Textile and Apparel Industry is one of the strongest pillar of Indian Economy*

- ***Domestic T&A industry:***
  - 2% share in GDP
  - 11% share in overall exports
  - Provides employment opportunity to 45 million persons
- ***Growth trend and prospects***
  - The size of India's domestic Textile market has increased from US\$ 103.6 billion in 2014 to US\$ 123.74 billion in 2018
  - India's Textile and Cotton exports have stagnated (US\$ 38.60 billion in 2014 to US\$ 37.12 billion in 2018) and imports have increased from US\$ 5.85 billion to US\$ 7.31 during the same period
  - India, which was the world's second largest exporter of Textile and & Cotton during 2014-17 after China, fell to 5th place in 2018 as Germany, Bangladesh and Vietnam stepped in.

***So how does Textile Industry Contribute to the vision of  
“\$5 trillion economy in 5 years”***



# Textile and Apparel Industry India: key highlights

- ***While the Industry associations are active in pushing for a host of enabling reforms – a mix of appropriate fiscal, monetary, industrial, and trade policies***

Extend RoSCTL benefit for the entire textile value chain

Simplification of TUFS guidelines and clear all the pending subsidies in a time bound manner

Support to cotton farmers for below MSP fluctuating price

National Fiber Policy enactment

Negotiation of Free Trade Agreements (FTAs) or Preferential Trade Agreements (PTAs) in global markets

- ***It is required that we also focus on two other crucial aspects for a long term sustainable growth***
  - *Diversification of Raw Material Base – towards more sustainable source*
  - *How does the industry deal with increasing “Water Woes”*



# Challenge with current raw material base

- Globally, fibre consumption is predominated by manmade fibres (MMF) having 70% share in total fibre consumption while natural fibres constitute only 30%.
- It is exactly the opposite in India – 60% resource base is skewed towards cotton.

## Challenges with domestic cotton production

- We have highest cotton production acreage in the world
- Still suffer from low and highly fluctuating cotton yield.
- Indian cotton yield is less than 1/3rd of China.

## Challenges with MMF

- Challenges are more policy and Tax regime related.
- There is anti-dumping duties on basic MMF textile raw materials including synthetic fibres and filaments.
- Post GST, landed price of imported yarn is lower compared to pre GST scenario – leading to rising imports

***There is a greater role for manmade fibre (MMF) sector to play on lines with other Textile major players such as China.***

Cotton is among the most important cash crops providing livelihood to approximately 6.5 million farmers and more than 60 million people are employed directly or indirectly by the cotton industry.

Indian Cotton accounts for 36% (11.3 million hectares) of the global cotton area and India is the leader in cotton production having 25% of global production.

***In such a challenging scenario how do we promote the growth of Sustainable Fiber – recycled polyester or organic cotton / more sustainable cotton ?***

## ***Challenge with current raw material base***

- As on date almost 100 major Textile and Apparel brands have millstones and targets to move towards more sustainable source including recycled polyester.
- 59 renowned textile, apparel and retail companies—including major brands such as adidas, Dibella, Eileen Fisher, Gap Inc., H&M, IKEA, Lindex, MetaWear, Target and Timberland—committed to or are supporting an increase in their use of rPET by at least 25% by 2020.
- This presents itself as a huge opportunity for India as our PeT recycling rate is ~80%
- While upstream we have ~ 35 companies specializing in production of recycled PeT fibre;
- However, the downstream collection chain is largely in unorganized sector and reeling under economic pressure
  - 2015-16 – dip in crude oil prices eliminated the price differential between recycled PET and virgin
  - Demonetization reduced this industry even further as it is predominantly cash based.
  - Finally, GST implementation put it in a high bracket ~18% which is very recently rolled back to 5%

- 262 per cent more CO<sub>2</sub> is emitted to produce a single polyester T-shirt than a cotton shirt.
- Substituting polyester with its recyclable counterpart offers up to a 90% reduction of toxic substances, a 60 per cent reduction in energy usage, and up to a 40 per cent dip in emissions.

While discussing enabling competitive mechanisms for Textile Sector –

How do we include diversification of raw material base from policy reforms perspective?

# *How to deal with the water scarcity / effluent discharge challenge*

- The recent drought crisis and water scarcity data reveals that we are heading towards a ticking water bomb.
- However, our policies and regulations are still focusing on discharge control and not on the problem of scarcity at the source itself.
- The government has a mandate for ZLD but no solve to cater to investment and technology.
- ***On the contrary, there is a dire need to develop, propagate and implement water stewardship.***
- Current status of water re-use and recycle is mostly as a reaction to compliance requirement - mostly in water stressed zones
- However, there is still no discussion around a cohesive water stewardship strategy.

## ***Challenges of Environmental Sustainability / discharge control:***

- Textile industry intrinsically is being most water intensive and also considered as a polluting industry also.
- Sustainability has become the pre requisite to business today among all big global textile brands of USA, Europe, Japan among others.
- As a response, many licencing and certification agencies like GOTs, Fairtrade, Organic, HIGGS, RSL (Restricted substance list), ZDHC (Zero discharge of hazardous chemical) for fibre to chemical have started insisting upon strict compliance.
- In the absence of common infrastructure like CETP, investment for green field projects has gone up very high adversely affecting profitability of textile processing operation in India.

***This requires serious attention in terms of speedy provision of common facilities in the country.***

*Thank You*