



TEXTILES AND GARMENTS

SUMMARY

The Textile industry in India is one of the largest in the world with a large raw material base and manufacturing strength across the value chain.

India became the second-largest manufacturer of Personal Protective Equipment (PPE) kits in the world.

India is:

- The largest producer of cotton in the world

- The second largest exporter of cotton in the world

- Leading consumer of cotton

- The second largest producer of silk in the world

India is a global leader in jute production, accounting for about 70% of estimated world production.¹

The total number of looms installed in jute industry was 48,322, as on 01 January 2018. The installed spindles in jute mills other than 100 % export oriented units were 7,48,612. The maximum installed capacity in jute mills other than 100% export oriented is about 2.75 mn tonnes annually.¹

The Textile industry in India is one of the largest sources of employment generation in the country with more than 45 mn people employed directly in 2018-19.

The industry contributes to 7% of industrial output in value terms, 2% of India's GDP and 12% of the country's export earnings.²

REASONS TO INVEST

Investments opportunities in India in many areas are enormous. Regional Comprehensive Economic Partnership, or RCEP, is an ambitious free trade agreement (FTA) connecting countries for more business and tourism prospects. FTAs provide an entry to these manufacturing nations for the development and investment in the industry.³

The 7th Regional Comprehensive Economic Partnership (RCEP) Intersessional Ministerial Meeting took place in Siem Reap, Cambodia on 02 March 2019. The participating countries of the RCEP are the 10 ASEAN member states and those countries which have existing FTAs with ASEAN – Australia, China, India, Japan, Republic of Korea and New Zealand.⁴

The Indian market has favourable demographics, rising income levels and brand as well as quality-oriented customers.

The following government policies are favourable which provide attractive incentives to the manufacturers:⁵

- Amended Technology Upgradation Fund Scheme (ATUFS)

- Scheme for Integrated Textile Parks (SITP)

- Integrated Skill Development Scheme (ISDS)

- Technology Mission on Technical Textiles (TMTT)

- Swarnjayanti Gram Swarozgar Yojana (SGSY)

- Integrated Processing Development Scheme (IPDS)

- Merchandise Exports from India Scheme (MEIS)

- Market Development Assistance (MDA)

- Market Access Initiative (MAI)

An abundance of raw materials such as cotton, wool, silk, jute and manmade fibres.

There is a comparative advantage seen in terms of skilled manpower and production cost over the majority of textile producers globally.

India's policies are focused and promising, which give a boost to the overall textile market.

India's value chain starting from production of natural fibre to the production of yarn, fabric and apparel gives India an edge over other countries.

India also sees a tremendous amount of skills in the traditional skill sector like handloom and handicraft.

The Government of India announced a Special Package to create 10 mn job opportunities and boost textile exports by USD 31 bn, attracting investments worth USD 11.93 bn during 2018-2020.⁶

In order to promote handlooms in an overseas market, 3 International Sourcing Expos were participated by Handloom Export Promotion Council organized during the month of September 2020 (i) India Tex Trend Fair at Tokyo, Japan; (ii) Heimtextil Russia at Moscow, Russia and (iii) Sourcing Magic at Las Vegas.²¹

Explore more about infrastructure availability in Textiles and Garments sector >

RECENT ANNOUNCEMENTS

3rd December 2020: Ministry of Textiles invites proposals for constitution of a Dedicated Export Promotion Council for Technical Textiles.

[Read More](#)

2nd December 2020: Exporter Association and Trade bodies registered under Companies Act or Society Registration Act are hereby invited to submit a proposal for the constitution of a dedicated EPC for Technical Textiles following approval from Cabinet Committee on Economic Affairs for the constitution of dedicated Export Promotion Council (EPC) for Technical Textiles.

[Read More](#)

11th November 2020: The Prime Minister urged the citizens of India to use Indian handicrafts, and also communicate to more and more people about them. This diwali we must pledge to focus on #Local4diwali

[Read More](#)

30th October 2020: Hon'ble PM Shri Narendra Modi's has approved that 100% of the foodgrains and 20% of the sugar shall be mandatorily packed in diversified jute bags. Under the Jute Packaging Materials (Compulsory use in Packing Commodities) Act, 1987 (hereinafter "the JPM Act"), the Government is required to consider and provide for the compulsory use of jute packaging material in the supply.

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STATISTICS

India has the largest acreage with 12.4 mn hectares under cotton cultivation, which is around 36% of the world area of 34.1 mn hectares. ⁷

India's overall textile exports have been USD 31.65 bn in FY19 and are expected to increase to USD 82.00 bn by 2021. ⁸

The production of raw cotton in India is estimated to have reached 33.7 mn bales during 2018-19. ⁹

The total raw silk production has increased by 11% (35,468 MT) during 2018-19 over the previous year 2017-18 (31,906 MT). ⁹

During the month of November 2020, 22.76 lakh bales of kapas have been procured by Cotton Corporation of India (CCI) under Minimum Support Price (MSP) operation. ²³

FDI POLICY

100% FDI is allowed under the automatic route in the Textile Industry in India. ¹⁰

The cumulative FDI equity inflow in the Textiles (Including dyed, printed) industry is USD 3,464.12mn during the period April 2000 to September 2020. ¹⁷

[Read more about Foreign Direct Investment Policy in India >](#)

SECTOR POLICY

PROVISIONS OF BUDGET 2020-21

National Technical Textiles Mission to be set up: ¹¹

With four-year implementation period from 2020-21 to 2023-24

At an estimated outlay of about USD 197.33 Mn

To position India as a global leader in Technical Textiles

WOOL PROCESSING SCHEME

The Central Wool Development Board has sanctioned a new project for wool processing machines with a total cost of INR 2.19 cr. Due to this, the wool growers/farm were benefited by getting better prices of wool. ²⁰

PRODUCTION-LINKED INCENTIVE (PLI) SCHEME

Hon'ble Prime Minister, Shri Narendra Modi has given its approval to introduce the Production-Linked Incentive (PLI) Scheme in Textile and Garments Sector through Ministry of Textiles of with an financial outlay of INR 10683 cr over a five-year period for Enhancing India's Manufacturing Capabilities and Enhancing Exports – Atmanirbhar Bharat.

TOY MANUFACTURING²³

In order to make India Toy manufacturing hub various initiatives have been taken so far:

13 toy clusters have been identified.

A National Action Plan for Indian Toy Story has been made with the collaboration of 14 Ministries/ Dept. of Govt. of India

[Explore Government policies/ schemes in Textiles and Garments sector >](#)

FINANCIAL SUPPORT

JUTE-SMART: ¹⁸

Jute-Smart (Jute Sacking Supply Management and Requisition Tool) is an e-Governance Initiative for Procurement.

The JUTE-SMART software has become operative since 01 November 2016. Indents for a total quantity of around 85.6 lakh bales, worth INR 21.97 thousand crore (approx.), have already been placed through JUTE-SMART, from the month of November to October 2019. ¹⁸

UPGRADATION FUND SCHEME: ¹³

There is a provision of one-time capital subsidy for eligible benchmarked machinery for the following:

For garments and technical textiles segments, at the rate of 15%, with a cap of USD 4.6 mn

For weaving, processing, jute, silk and handloom segments, at the rate of 10%, with a cap of USD 3 mn

An outlay of USD 2.7 bn has been approved for seven years to meet the committed liabilities of USD 1.9 bn and USD 800 mn for new cases under ATUFS.

INTEGRATED SKILL DEVELOPMENT SCHEME: ¹³

The Ministry of Textiles is implementing the Integrated Processing Development Scheme (IPDS) to enable the textile processing sector in meeting environmental standards. This will be achieved through appropriate technology including marine, riverine and Zero Liquid Discharge (ZLD).

The Government of India provides financial assistance up to 50% of project cost for Common Effluent Treatment Plants (CETPs) subject to a ceiling of USD 11.5 mn.

INTEGRATED SCHEME FOR DEVELOPMENT OF SILK INDUSTRY: 14

Integrated Scheme for Development of Silk Industry is implemented with an outlay of USD 300 mn from 2017-18 to 2019-20. The Scheme has 4 components:

- Research & Development (R&D), training, transfer of technology and IT initiatives
- Seed organizations and farmers' extension centres
- Coordination and market development for seed, yarn and silk products
- Quality Certification System (QCS) by creating amongst others a chain of silk testing facilities.

INFRASTRUCTURE DEVELOPMENT SCHEMES: 15

- Scheme for Integrated Textile Park (SITP)
- Integrated Processing Development Scheme (IPDS)
- Scheme for Additional Grant for Apparel Manufacturing Units under SITP (SAGAM)
- Scheme for Incubation in Apparel Manufacturing (SIAM)
- Scheme for Textile Industry Workers' Accommodation (STIWA)

SKILL DEVELOPMENT SCHEME: 15

The Government has approved a skill development scheme titled SAMARTH, a Scheme for Capacity Building in Textile Sector, covering the entire value chain of the textile sector, excluding Spinning and Weaving in the organized sector, on pan India basis, including the state of Tripura, for a period of three years from 2017-18 to 2019-20, with an outlay of INR 1300 crore to train 10 lakh persons. A total of 242.5 crore has been allocated for the SAMARTH scheme.

INVESTMENT OPPORTUNITIES

- The Textile industry in India has a robust presence in the entire value chain.
- All levels of textile value chain i.e. from fibre/ filament to garment/speciality fabrics manufacturing at large scale are available.
- India has an extensive custom of textile and apparel manufacturing with infrastructure spread across the country in numerous clusters.
- Fabric processing set-ups are for all kind of natural, synthetic and speciality textiles.
- Opportunities for investments in retail brands are immense.

Explore projects to invest in Textiles and Garments sector >

FOREIGN INVESTORS

- Rieter (Switzerland)
- TrUtzschler (Germany)
- Soktas (Turkey)
- Zambiatl (Italy)
- Bilsar (Turkey)
- Monti (Italy)
- CMT (Mauritius)
- E-land (S. Korea)
- Nissinbo (Japan)
- Marubeni (Japan)
- Skaps (USA)
- Ahlstorm (USA)
- Terram (UK)
- Strata Geosystems (USA)
- Marks & Spencer (UK)
- Zara (Spain)
- Mango (Spain)
- Promod (France)
- Benetton (Italy)
- Espirit (USA)
- Levi's (USA)
- Forever 21 (USA)

AGENCIES

1. Development Commissioner (Handicrafts)
2. Jute Commissioner
3. Ministry of Textiles
4. Office of Development Commissioner (Handlooms)
5. Office of the Textiles Commissioner
6. Textiles Committee

KEY ACHIEVEMENTS

The Government of India is implementing the Scheme for Integrated Textile Park (SITP) which provides support for the creation of world-class infrastructure facilities for setting up textile units, with a grant of up to 40% of the project cost subject to a ceiling of USD 5.33 Mn. A total of 59 textile parks have been sanctioned under SITP by the Ministry of Textiles out of which 22 textile parks have been completed and rest are under various stages of construction.¹⁶

In 2018-19, 29.93 lakh bales have been imported and 42.83 lakh bales exported up to 31.01.2019.¹⁶

Under PAHCHAN initiative, 23.68 lakh artisans have been provided Identity Cards up to March 31st 2019. 50000 new artisans will be enrolled under PAHCHAN initiative. 309 Handicrafts training programmes have been proposed under HRD scheme to benefit 7600 artisans directly.¹⁶

A significant share of 12% in 2018-19 is of Textile and Clothing in India's total exports.¹⁸

India contributes 5% in global trade in Textile and Apparel.¹⁸

The Cabinet Committee on Economic Affairs approved the proposal for mandatory packaging of foodgrains and sugar in jute material for the Jute Year 2020-21.²²

On 19/08/2020, Jute Corporation of India and National Seeds Corporation signed MoU to provide 1000 MT of certified good quality seeds to jute farmers in the year 2021-22.¹⁹

During the month of November 2020, 58 UIDs have been issued with a project cost of INR. 213.72 cr and Subsidy requirement of INR 20.14 cr under the Amended Technology Upgradation Fund Scheme (A-TUFS).

The Indian textile industry is one of the largest in the world and has a share of 5% of global exports in textiles and apparel.²⁴

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