



Government of Karnataka

TEXTILES AND APPARELS



**INVEST
KARNATAKA
2016**

GLOBAL INVESTORS MEET

February 3-5, 2016
Bangalore Palace, Bengaluru

Foreword



Sri. Baburao Chinchanasur
Hon'ble Minister for Textiles,
Ports and Inland Transport,
Government of Karnataka

“
Textile industry has taken good shape over the past few years. We are looking at giving impetus for the focus of the State's focus industry section - Technical Textiles and going for an aggressive push for geographical dispersion of the textile and apparel units. To enable this, our policy has been restructured with new provisions and incentives, specially for the Hyderabad Karnataka region. We look forward to achieve higher and sustainable growth in the entire textile value chain from fibre to finished products, with an emphasis on balanced regional development.”

Foreword



Smt. K Rathna Prabha, IAS
Additional Chief Secretary to Govt.
C & I Department

“

Acknowledging the contribution of textile and garment sector in terms of industrial production, employment generation, particularly for women, and export earnings to the economy of Karnataka we have redefined our present objectives, targets and strategies to exploit the opportunities available in the State. Our vision is to reinforce the value chain of the industry across Karnataka through skill upgradation and technology transfer.

”

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- 3** Karnataka's Unique Advantage
- 4** Government Initiatives and Policy Support
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Highlights

1



Advantage Karnataka

- Bengaluru is Garment Capital of India
- State contributes 65% of silk, 12% of wool, 6% of cotton to the National production
- Abundant raw material, skill base and supporting infrastructure drives textile industry in the state

Policy and Initiatives

- **Nuthana Javali Neethi 2013-2018** policy introduced with an objective to achieve INR 10,000 Crore (USD 1.7 bn) of investment, 5 lakh employment, INR 1,000 Crore (USD 0.17 bn) revenue for the policy period
- Special effort to support Technical Textiles industry to attract greater than INR 500 Crore of investment
- Incentives for Mega industries based on zonal and regional classification
- Special incentives for women and SC/ST

Investment Opportunities

- Four Mega Textile parks at Yadgir, Ballari, Sira and Chamarajanagar on the anvil
- Focus on development of Technical textiles industry

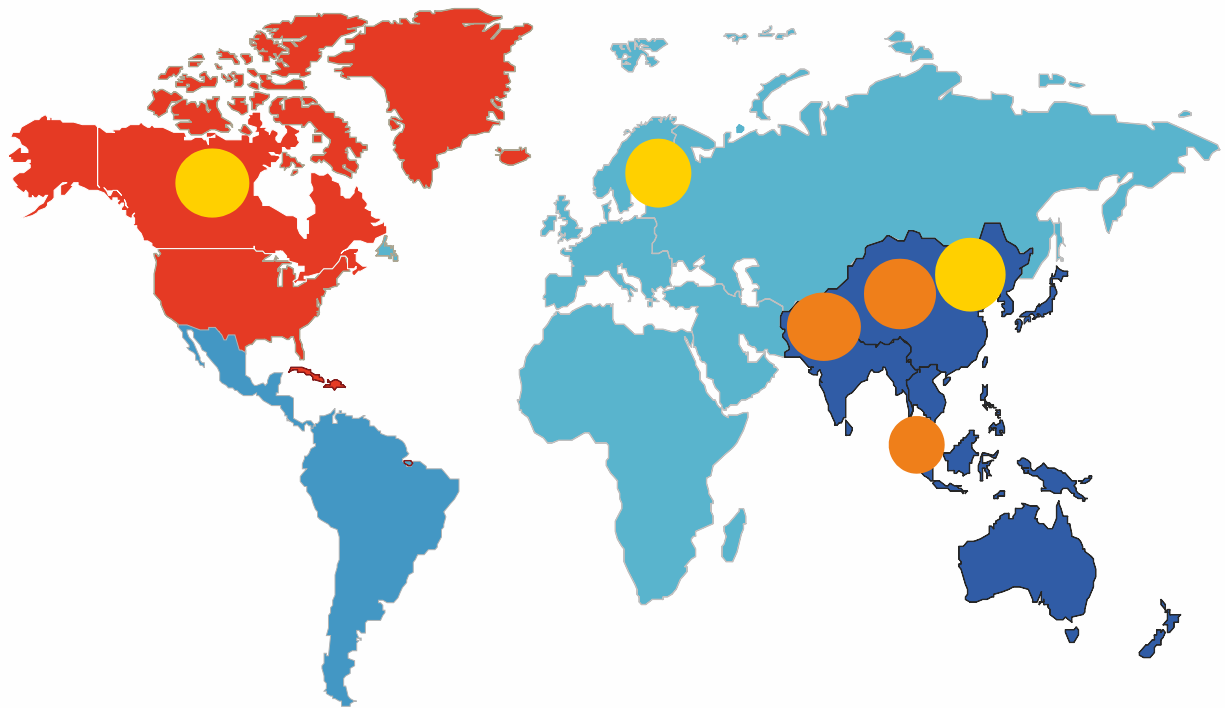
Sector Snapshot



2

Textiles and Apparels production shifted to developing economies due to cost advantage offered by these countries

Global Production and Consumption Hubs



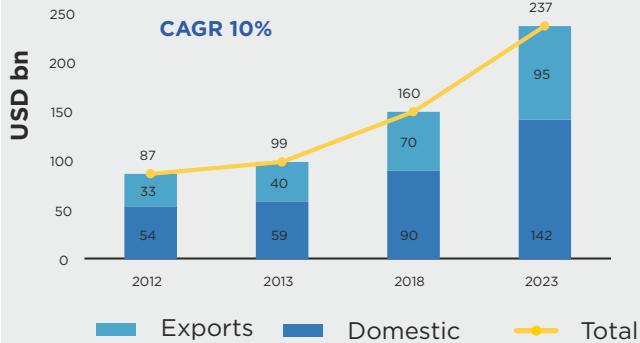
Consumption > 60% USA, Canada, Europe, China, Japan



Production > 60% India, Pakistan, Bangladesh, China, Vietnam, Thailand, Indonesia

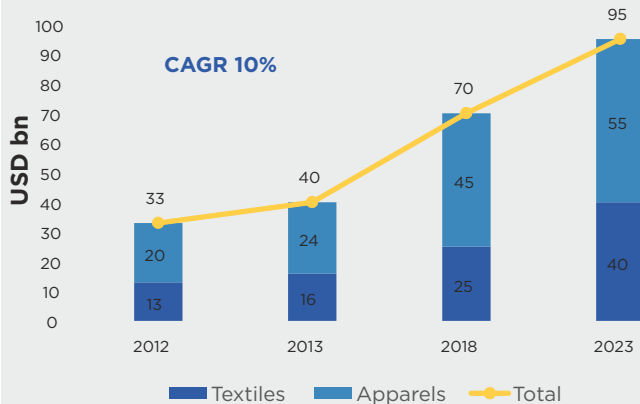
Textiles and Apparels exports from India are expected to grow at a CAGR of 10%

T&A Industry Size in India (USD bn)



- Apparels and cotton based textiles are the largest exported products from India (60% of total textile exports)
- More than 30% of exports are to USA and China

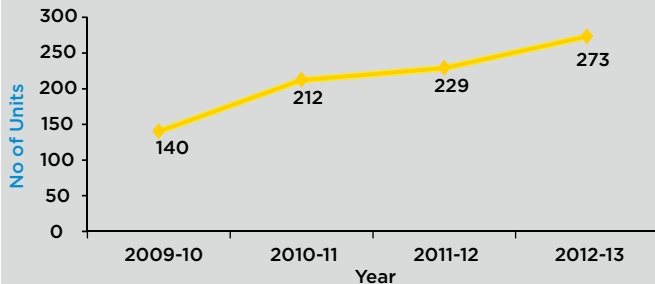
India's T&A Export Projection (USD bn)



- 2nd** Largest producer of textiles and garments
- 2nd** Largest textile exporter
- 2nd** Largest employment generating sector in India.
- 14%** Contribution to India's industrial production
- 27%** Country's foreign exchange inflows

The sector occupies a key position in the economy of Karnataka in terms of its contribution to industrial production, employment, and exports

The industry has seen significant growth in the number of factories set up.



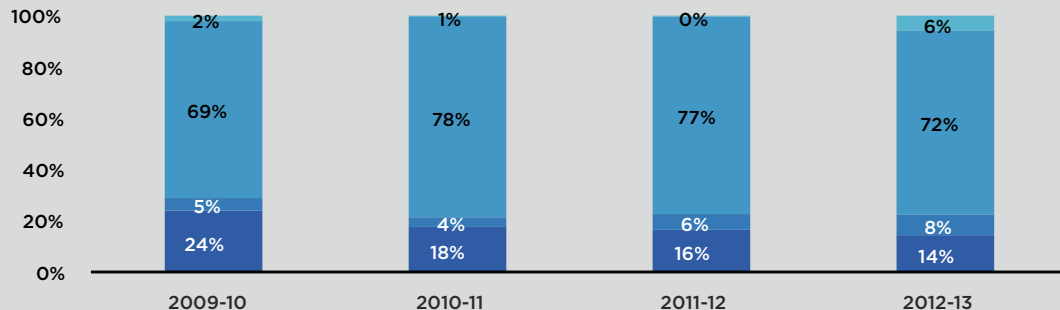
T&A manufacturing units have been increasing at a rate of 25% since 2009-10

In Garment Exports, Karnataka occupies the 2nd Position (Nationally) in terms of value of exports*

Bengaluru is known as the 'Garment Capital of the country' hosting many large garment companies

Only industry generating huge employment for both skilled and unskilled labour

Karnataka's Textile Industry Subsector Dynamics

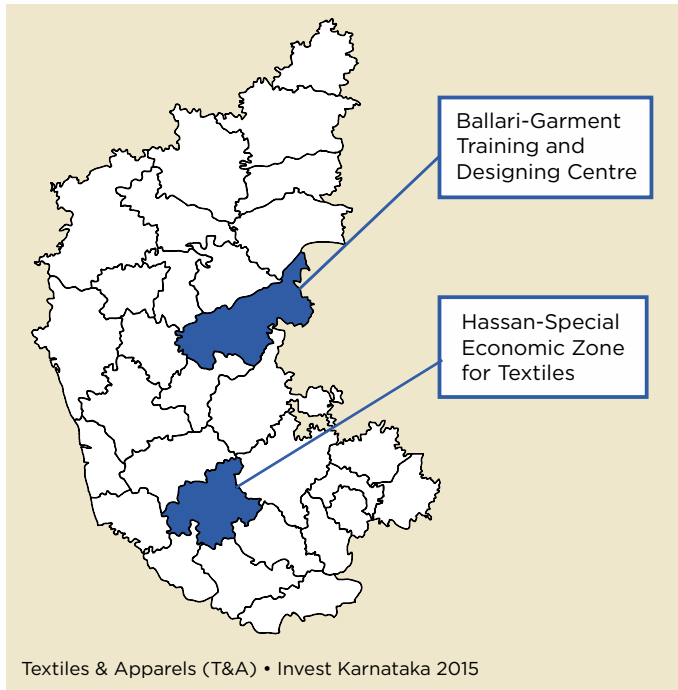


- Manufacture of Knitting and crocheted apparel
- Manufacture of Weaving apparel, except fur
- Manufacture of other textiles
- Spinning, Weaving and finishing of textiles

- Textile manufacturing is moving towards the higher end value chain activities
- Garments have been the key strength of the State and have been consistently contributing more than 70% to the State's industry output

Source: ASI, *final-Report-of-Manufacturing-Task-Force-Vision-2025-1

Karnataka accounts for 20% of the National garment production and 8% of the National exports



Exports of Readymade garments - INR 9,821 Crore (USD 1,636 mn) in 2014-15

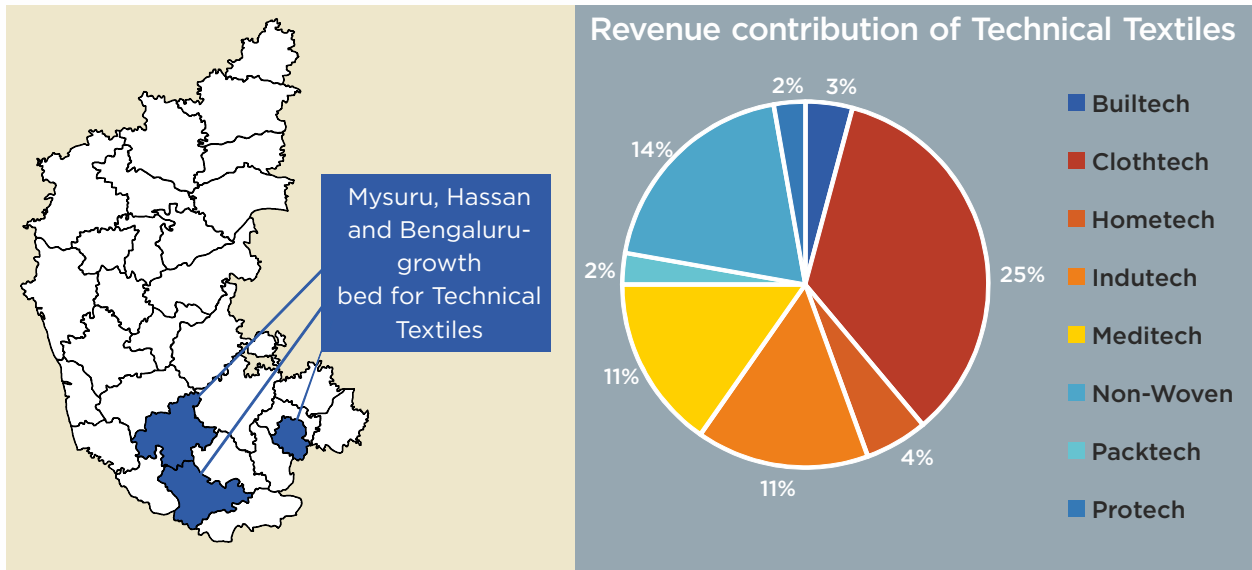
Readymade garments exports to USA, UK, Italy, Germany, Western Europe, Hong Kong, Turkey, Canada, Australia, etc.

10 Garment Training Designing Centers in Karnataka promoted by ATDC, and Fashion Technology Centre by NIFT.

INR 1,764 Crore (USD 294 mn) was invested to augment spinning capacity in the State and INR 2,682 Crore (USD 447 mn) upcoming investment in garment sector



Government has taken several proactive policy measures to build a thriving technical textile industry



Special incentive under the policy has also been announced to encourage growth of the sector

Investments worth INR 1,480 Crore have been attracted by this segment during 2008-13

With proactive policy initiative by State government for 2013-18, Karnataka has received investments more than INR 500 Crore

More than INR 1,000 Crore of investment in Technical Textiles has come in or in advanced stages of discussions totally

More than INR 800 Crore have been invested by these companies under technical textiles





Karnataka's Unique Advantage

3

Key Advantages of Investing in Karnataka

1 Presence across value chain

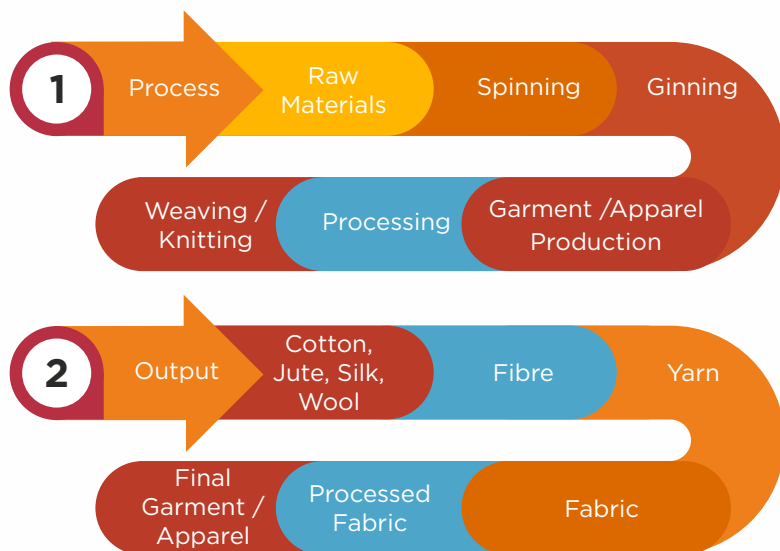
2 Abundant availability of raw material

3 Talented and skilled workforce

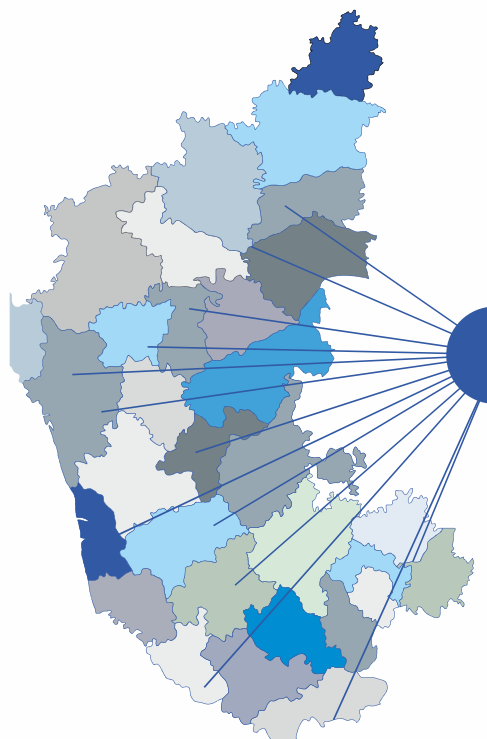
4 Existing textile infrastructure support



Presence across the value chain of textile industry



S.No	Districts	Districts No. of
1	Garmenting	20
2	Powerlooms	20
3	Handlooms	5
4	Spinning	9
5	Hand Embroidery/ Handicrafts	5
6	Processing	4

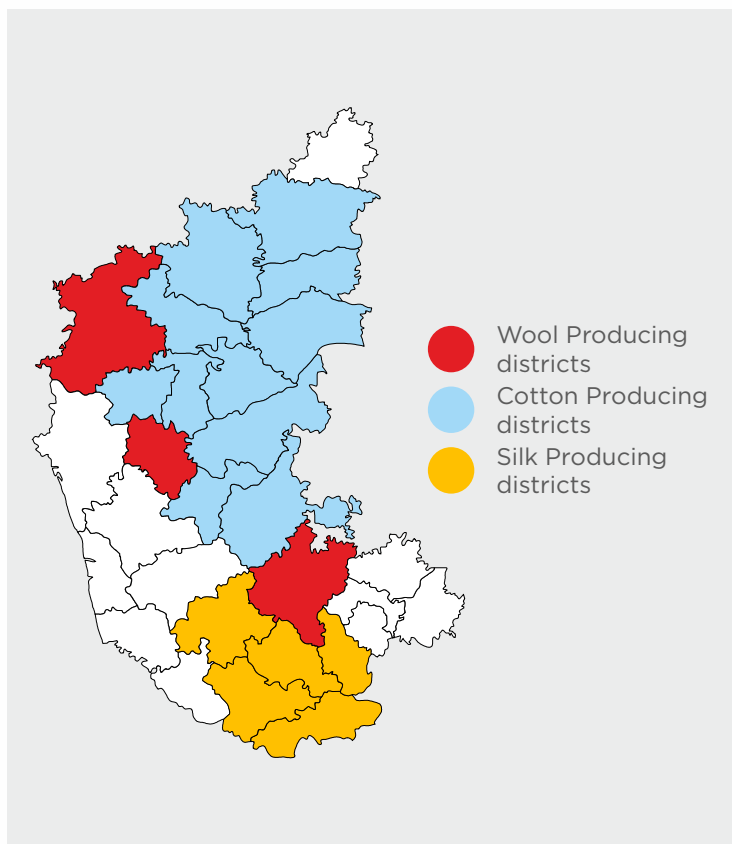


Presence of integrated Textile and Apparel Cluster servicing industry units across the value chain.

- **Ready Made Garments**
- **Handloom Clusters**
- **Textile/ Apparel Parks**

24 Handloom Clusters located across Karnataka. **233 Hectares Textile SEZ Park** developed at Hassan. Apparel/Textile Parks developed at Bengaluru, Ballari, Davangere, Kalaburagi

Abundant availability of raw material



Raw silk

- 65% of the India's Raw Silk
- Raw silk production was **8,129 tonnes (2012-2014)**
 - Sericulture employs **4,32,000 people** in the State
 - **66 cocoon markets and 10 silk exchanges** facilitate silk trade

Wool

- 11% of India's total wool production
- **5.3 million kgs** of wool produced (2004-2005)

Cotton

- 6% of India's cotton production
- Among the **Top 10** cotton growing states in India. The State grew 20.90 Lac bales of cotton(2013-14)



Key Players



Talented and skilled workforce



Fairly good spread of educational & vocational training infrastructure, both in general and Textiles, across the State

Type of Institutes	
R&D Centers	103
Universities	11
Engineering Colleges	257
Health Education	114
Polytechnics	181
Industrial Training Institutes	600
International Schools	13

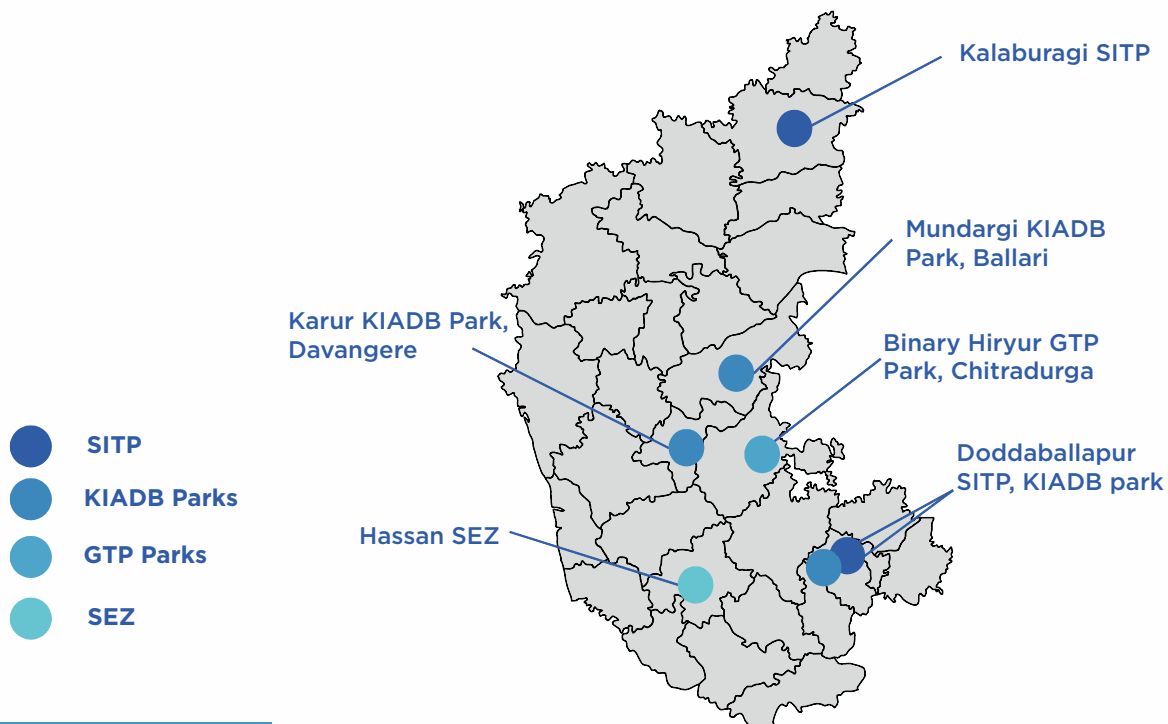
144 Skill Development Centers and 168 private training centers funded by Department of Handloom and Textile, have trained 1,65,200 personnel

Skilled manpower-Workforce of 55,000 weaver families with handlooms

Over 1 Lakh power-looms in the State



Existing textile infrastructure support



Mega Projects

SHAHI EXPORTS, SHIVAMOGGA



PRECOT MERIDIAN, HASSAN



ETCO DENIM, VIJAYAPURA



DODDABALLAPUR APPAREL PARK



Key Players



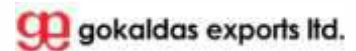
Shahi Exports Pvt. Ltd.



TEXPORT INDUSTRIES PVT LTD



ARVIND



Karnataka is the production centre for prominent brands of the world



Reid & Taylor



Lee®





Government Initiatives and Policy Support

4



The State was successful in achieving objectives of the Suvarna Vastra Neethi (2008-13) policy

"Suvarna Vastra Neethi - 2008-13"

for strengthening and developing a dynamic and growth-oriented textiles sector and enhance its contribution to overall industry and economic development of Karnataka.

Achievements

Attracted investment of INR 5,710 Crore (against targeted INR 10,000 Crore)

2,50,000 jobs were created

Provided financial support for the effective implementation of this Policy

The State has come up with a new investor friendly Nuthana Javali Neethi 2013-18 policy

- Investment bracket-wise incentives to ensure proper spread of incentives
- Development of backward areas by providing support for parks
- Support & provide key common infrastructure
- Clear guidelines for mega project investments
- Setting up textile parks and clusters in Bagalkote, Mysuru, Yadgir
- Aims to promote entrepreneurship and attract investments



‘Nuthana Javali Neethi 2013-2018’ is created with a focused vision towards sustainable development of Textiles and Apparels sector



- To become a producer of internationally competitive value added products
- Maintain dominant presence in the growing domestic and international market
- Contribute to the sustainable employment and economic growth of the State
- To reinforce the value chain of the textile industry

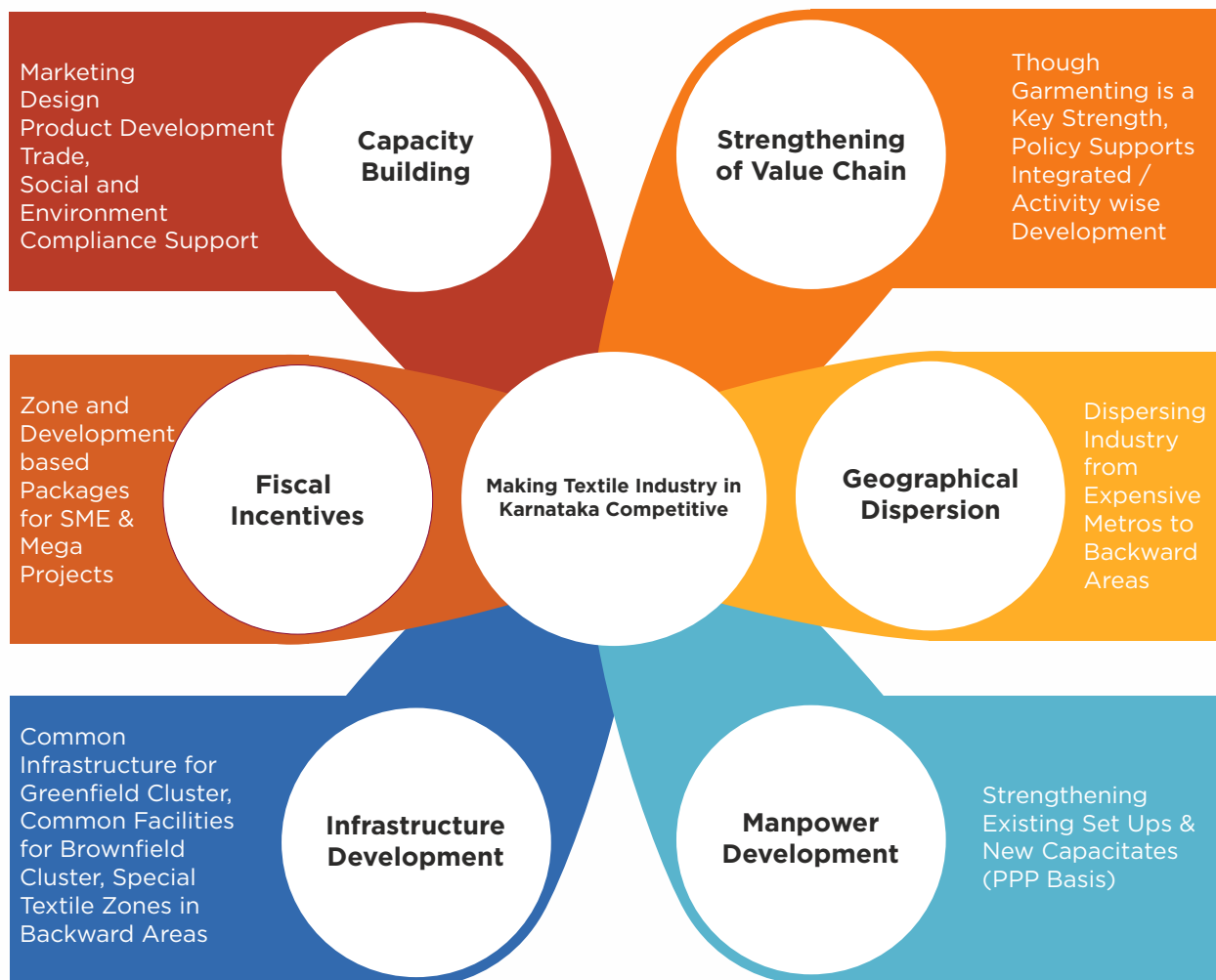
Objectives

- To **achieve higher and sustainable growth** in the entire textile value chain from fibre to finished products
- To **facilitate emerging Technical Textiles** in critical areas such as production, technology, and research & development
- To support the industry with **skilled human resource** and to create at least 5 lakh new employment opportunities in the State

Policy Targets

- Aims at attracting investments worth INR 10,000 Crore
- Aims at creating 5,00,000 employment jobs

Integrated and holistic policy framework has been created to provide a competitive advantage for companies based in Karnataka



Key policy initiatives, incentives and concessions

Support for Individual New Units

- **Credit linked Capital Subsidy (Investment upto INR 99 Crore (USD 16.5 mn))** - 20% or 15% varying as per the Zonal Classification and Regional Classification
- Interest subsidy-50% of the approved layout
- Entry Tax, Stamp Duty, Power Subsidy, ESI & PF reimbursements
- Additional Subsidies and Special Credit Linked Capital Scheme

Cluster Based Facilities

- Incentive based on zonal classification for development of **Green field Textile Parks, Brown field Textile Parks, Common Effluent Treatment Plan (CETP)**

Soft Inputs

- Reimbursement for **Market Development and Branding, Design Development and Product Diversification, Standards and Compliances specific textile zones in backward areas**
- Assistance for Resource Conservation and Environment compliance to existing units

Incentives for Mega Projects

- **Basket of incentives** for HK and Non-HK Region
- Subsidies on Effluent Treatment Plants (ETPs)
- Special Incentives will be considered

For Expansion/Modernisation of Existing Units

- **Credit linked Capital Subsidy**-20% or 15% based on P&M Value and Zonal Classification

Skill Development Support

- Initiatives for Skill Development Centres and Training Institutes

Additional/Special Incentives

- SC/ST category-Upto INR 20 lakhs Capital Subsidy
- Disabled/Minority/Ex-serviceman/Women-Upto INR 5 Lakhs Capital Subsidy
- Eco-Friendly units-Upto INR 20 Lakhs Capital Subsidy

Zonal Benefits

ZONE 1 - Maximum benefits to backward districts with potential for textile units

ZONE 2 - Marginally lesser benefits to relatively developed areas in textile activities and districts with either very little or no textile activities and Anekal taluk

ZONE 3 - No incentives. However, following will be provide to SPV/project proponents

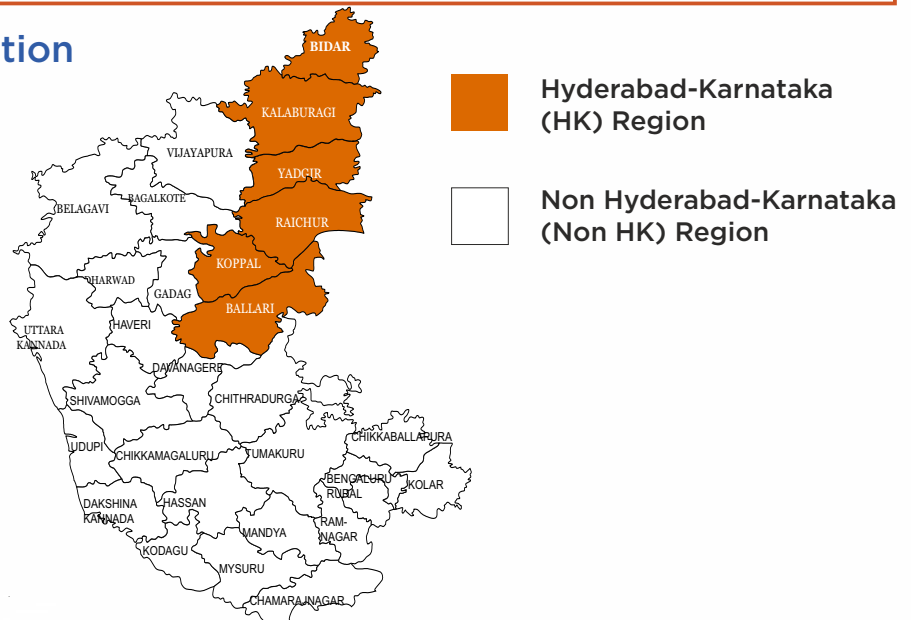
- Brown field cluster development
- CETP
- Capacity building support
- Assist. For res. Cons. & Env. compliance

Zone - 1	Bagalkote, Belgavi, Ballari, Bidar, Vijayapura, Chamarajnar, Chikkaballapura, Chitradurga, Dharwad, Davangere, Gadag, Kalaburagi, Haveri, Kolar, Koppal, Kodagu, Raichur, Shivamogga, Uttar Kannada
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Zone - 2	Bengaluru Rural, Chikkamagaluru, Dakshina Kannada, Mandya, Mysuru, Ramanagara, Udipi, Tumakuru
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Zone - 3	Bengaluru Urban with exception of Anekal
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Regional Classification



**Investment
Opportunities**

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Industry has witnessed investment across entire value chain and sub sectors



During the last policy a total of **INR 5,710 Crore** worth of Investment inflow which created an employment opportunity for more than **2.5 Lakh people**



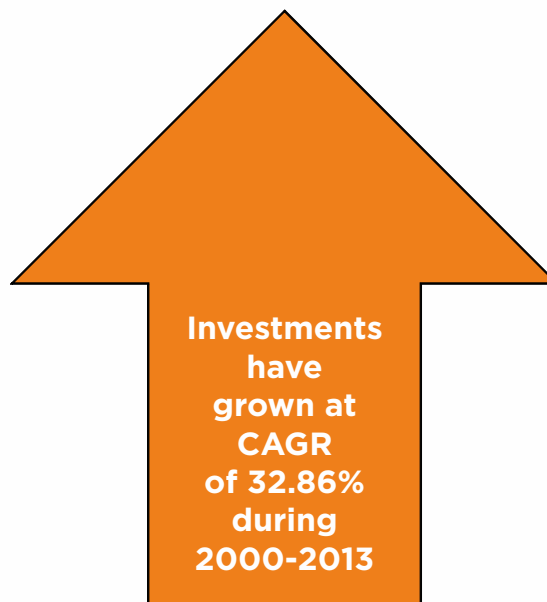
Post the announcement of New Textile Policy in 2013, investment has continued upward trend with **INR 1,860 Crore** investment proposed till date



The approximate Investment during the period 2000 - 2013 was **INR 9,161 Crore**



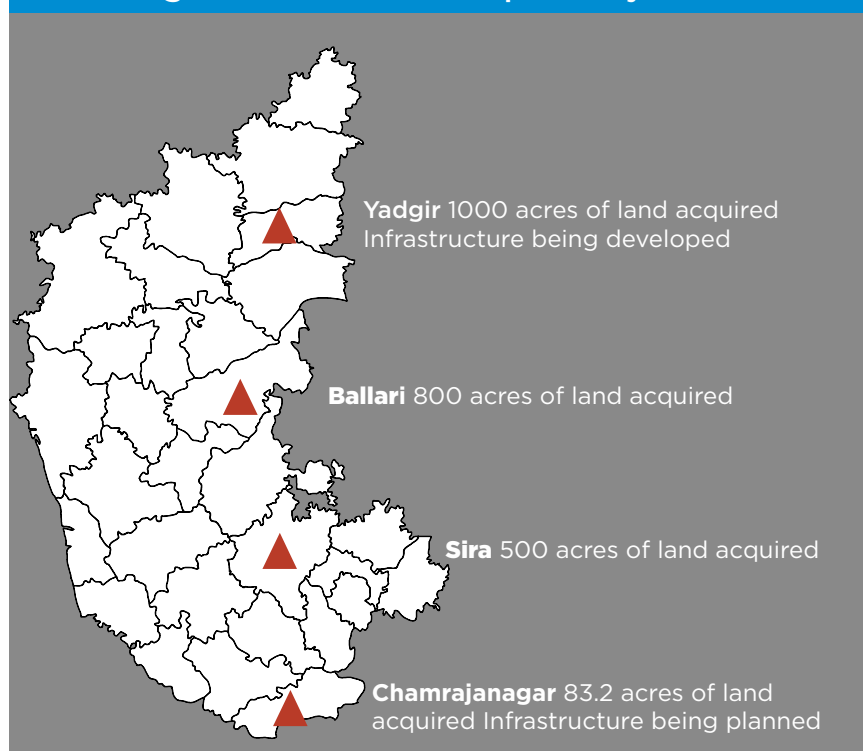
Projects worth of **INR 3,326 Crore** (approximately) are under implementation



SI No.	Year	Investment (INR. Crore)	Employment
1	2008 - 09	774	14,569
2	2009 - 10	1,090	57,275
3	2010 - 11	1,034	62,694
4	2011 - 12	2,105	99,248
5	2012 - 13	706	33,267
6	2013 - 14	1,202	4,4638
7	2014 - 15	455	29,151
8	2015-Till Date	204	3,956
	Total	7,569	3,44,798

Opportunities in Textile Infrastructure

Mega Textile Zones acquired by KIADB



Textile Parks are located at Doddaballapur, Kalaburagi, Tumakuru.

DH&T has identified 5 Potential zones comprising of 15 districts for development.

Four Mega Textile Zones being developed where more than 2000 acres of land have already been acquired by KIADB.

Proposed Textile Zones are promoted by KIADB with allocation for the projects.

- **Environment friendly facility** - physical and common infrastructure components such as CETP
- Investments will **uplift the industry in terms of quality production, employment generation, livelihood improvement, and socio-economic** benefits for the region



Investment Facilitation

Karnataka Udyog Mitra (KUM): First contact point for all investors in Karnataka and nodal agency to facilitate investments. KUM executes initiatives to enable smooth transition from investment proposal stage to implementation stage

State High Level Clearance Committee(SHLCC): Chaired by Hon'ble Chief Minister of State of Karnataka to approve projects with investments above USD 17 mn (INR 100 Crore)

State Level Single Window Clearance Committee (SLSWCC): Empowered committee for Large and Medium industries under the Chairmanship of Hon'ble Minister of LMI to approve projects with investments between USD 2.5 mn (INR 15 Crore) and USD 17 mn (INR 100 Crore)

District Level Single Window Clearance Committee (DLSWCC): Chaired by Deputy Commissioner of the District , for approval of projects with investments up to USD 2.5 mn (INR 15 Crore)

Combined Application Form: Available on KUM website for obtaining required statutory approvals



Government of Karnataka

Contact Details

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