

Indian Textile Industry – Overview

**9th ASIAN TEXTILE CONFERENCE
Taichung, Taiwan, ROC**

June 28 – 30, 2007

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India – An Overview

General profile

- **Location: South Asia**
- **World's 7th largest country by area (3,827,263 sq km)**
- **World's 2nd largest country by population (1,027 million)**
- **Population: 1.05 bn, 54% of which is below 25 years**
- **Area: 3.3 million sq.km**
- **No. of Federal states & UT's: 35**
- **No. of dominant languages: 18**

Political System

- **Largest Democracy in the world**
- **Has a federal structure with each state having its own legislative assembly**
- **National elections held every five years; next election due in 2009**
- **No of National Political Parties: 7**
- **Currently a coalition led by Congress is in power**

Securities Market

- **Leading Stock Exchanges: National Stock Exchange (NSE) and Bombay Stock exchange (BSE)**
- **No. of Listed Companies: Nearly 6000 – next only to NYSE**
- **Market Capitalization: US\$ 392bn (May 13 2005)**
- **Settlement: T+2**
- **Market Cap/ GDP: 49%**
- **FII investment (Jan – Dec 04) US\$8.5bn
Jan – March 05 – US\$ 2,012 million**
- **Debt Market: Market Cap in March 2004: US\$ 2230 bn**

Macro-Economic Perspective

- **GDP: USD 608.6 bn (FY04- 05), 6.9 % growth**
- **Growth Rate: 6.0% CAGR (10 years)**
- **Sectoral GDP Growth rates FY04-05**
 - **Agriculture: 1.1%, Industry: 8.3%, Service: 8.6 %**
- **Inflation : 5% (Mar 05)**
- **External Links (2004 – 05)**
 - **Exports: USD 78.96 bn**
 - **Imports: USD 105 bn**
 - **Foreign debt % to GDP : 18%**
 - **Forex Reserves: USD 141 bn (May 05)**
- **Fiscal deficit ~4.5% of GDP (FY05)**

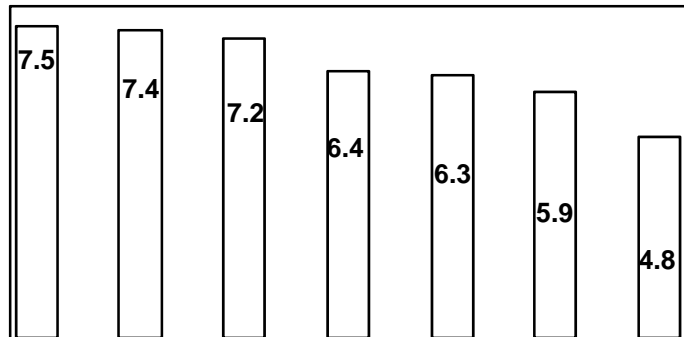
India as a Manufacturing Base

India in Manufacturing – Emerging Global Player

- Contributes 25% to the Country's GDP
- Manufacturing activity growth (2004): 8.9%; Long term annual growth estimates for the next 4/5yrs average 7%
- Many leading MNCs have manufacturing base and R&D centers in India
- Estimated size of the Indian engineering sector: Over US\$30 bn
- High growth areas: Automobiles, steel, pharma, specialty chemicals, and knowledge based manufacturing – bio informatics
- World's largest exporter of cotton yarn, the largest manufacturer of motorcycles / two-wheelers, the lowest-cost producer of steel, aluminium, cement, CDs, fourth largest car market and fourth largest pharma manufacturer

India's Competitive Edge - Design & Engineering Capability

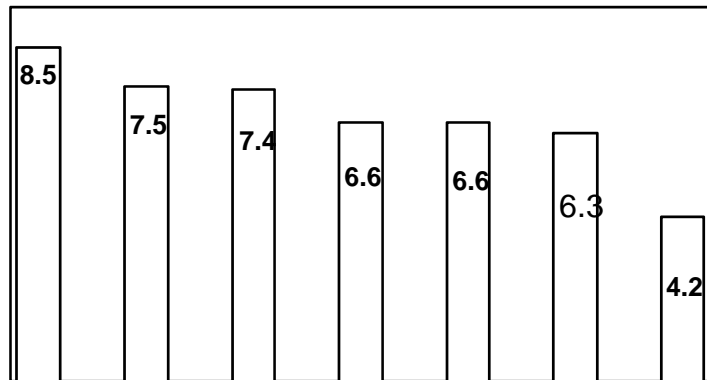
Design & Engineering Capabilities



Germany India USA Brazil Mexico Czech China

1 = Low & 10 = High

Availability of Skilled Labour - 2000



India Brazil USA Mexico Germany Czech China

Source : ACMA

- India scores well over Mexico, Brazil and China
 - Design & Engineering Capabilities
- Low cost advantage
 - Low cost high skilled manpower
 - Average day wage rates of \$ 6 as compared to \$20 in developed markets
- Highly Cost Competitive
 - TQM, TPM, Toyota Production System
- Focus on quality standards
 - Prestigious awards such as Deming Awards gives India an edge
 - Large number of component manufacturers with ISO & QS accreditations

India's competitive advantage does not come from cost alone, but from its Full Service Supply Capability

Because of which India has developed a strong manufacturing base...

The world's largest manufacturer of...

- **Motorcycles**
- **Tractors**
- **Fertilisers**
- **Soaps and detergents**

Home to lowest cost...

- **Steel producer in the world**
- **Producer of CD recorders**
- **Car maker in the world**

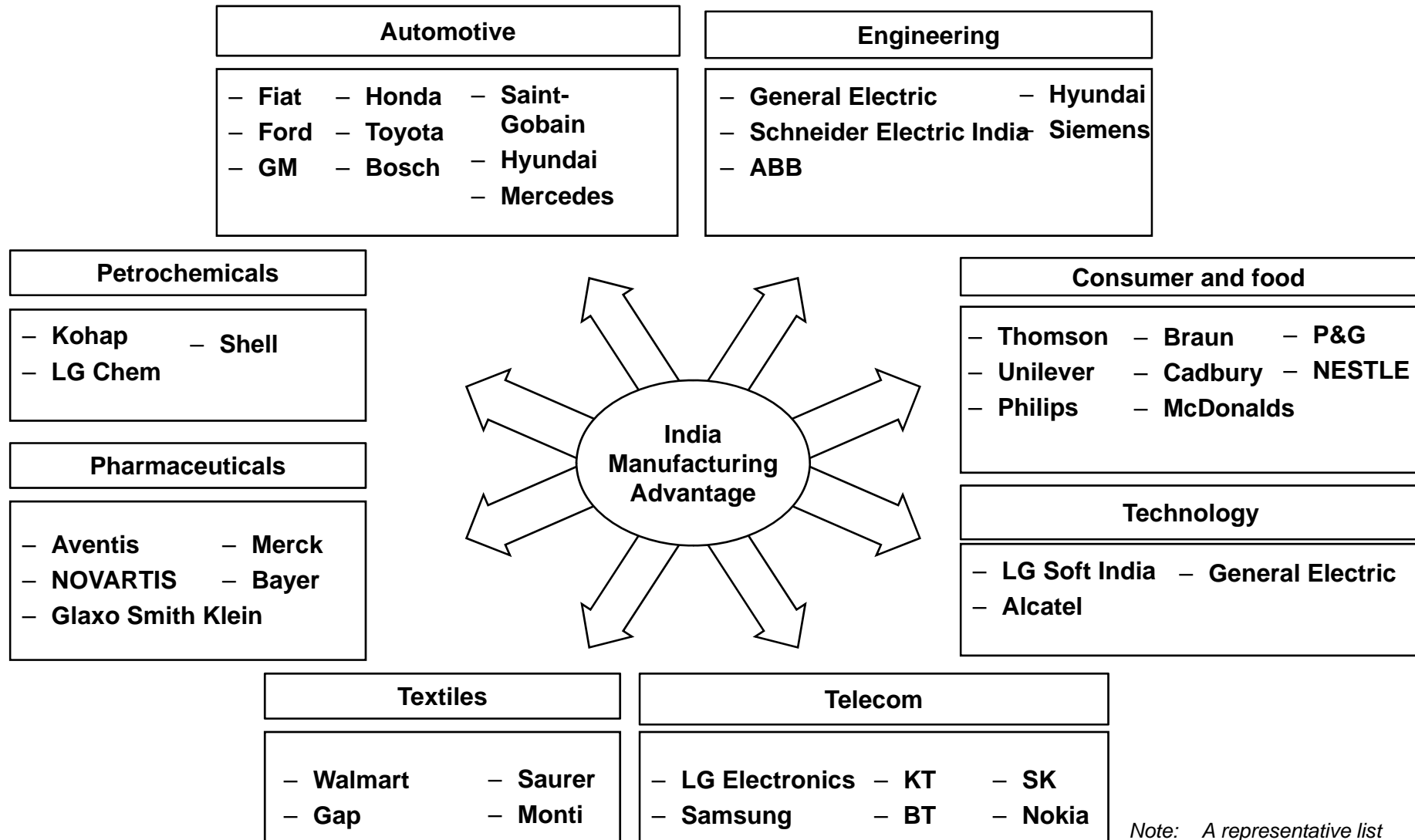
Among the top...

- **Bulk drugs manufacturers**
- **Destination for R&D centres for MNC's outside the US**
- **Countries that have developed their own supercomputers**

World's biggest...

- **Diamond cutting and polishing centres in the world**
- **Producer of engineering graduates**
- **Cotton Yarn Exporter**

Companies from across various countries are leveraging India across all major sectors for manufacturing



Note: A representative list

In summary, world is leveraging India with advantages and developing it as a manufacturing base

• Advantage India

- Highly skilled workforce across sectors
- India produces the largest number of engineers in the world

- Large domestic market and investment climate
- Over 1 billion Indians - opportunity of a lifetime
- States competing for investments

- Research and development capability
- India produces the largest number of engineers in the world

- Availability of raw material
- Metals and minerals, rubber, coal, cotton

- Democracy and rule
- Respect for patents, active judiciary of law

- English speaking workforce
- English is a working language in India

- Increasing acceptance of Indian Brand
- Driven by Indian Services Success

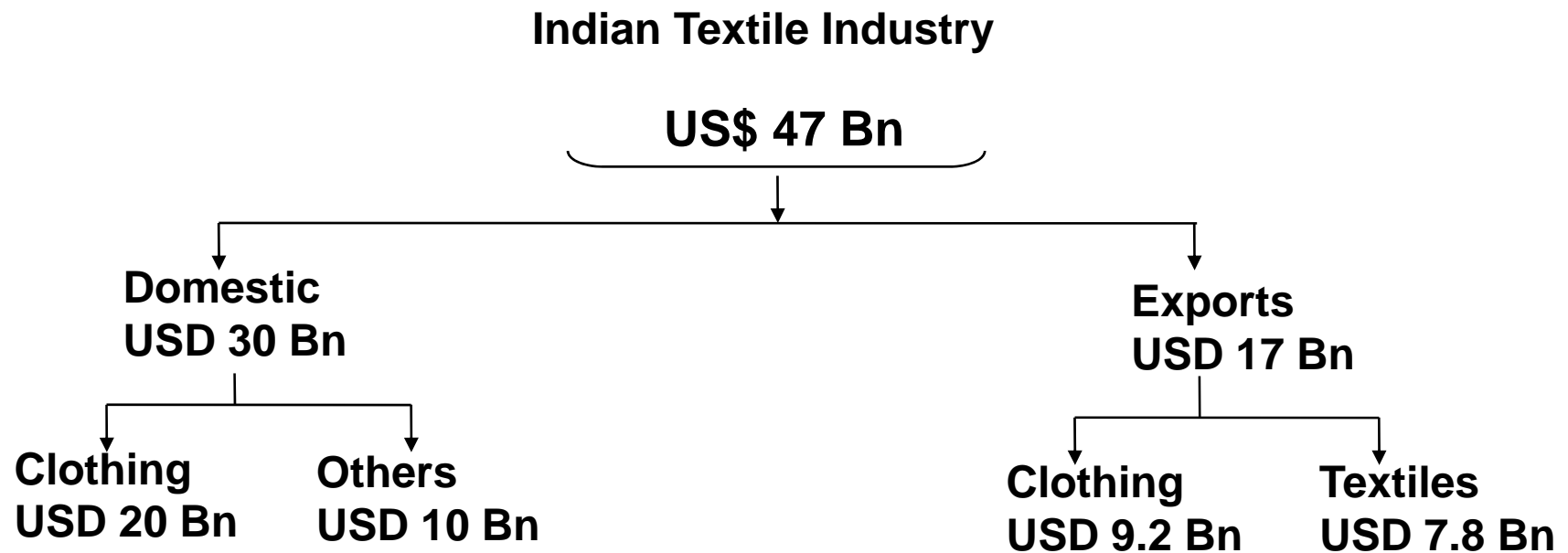
- Low cost labour
- 1/20th to 1/2 the cost of comparable labour in US, UK, other developed countries

Emerging Manufacturing Sectors:

- Among the Various Emerging Sectors like:
 - Indian Auto Sector (Including Auto Ancillary)
 - Indian Engineering Industry
 - Indian Textile Industry
 - Indian Pharmaceutical Industry
 - Indian Telecom Sector and
 - Many more
- Lets Focus on Indian Textile Industry for this Presentation.

Indian Textile Industry

Indian Textile Industry



Source: Technopak Advisors Pvt. Ltd.

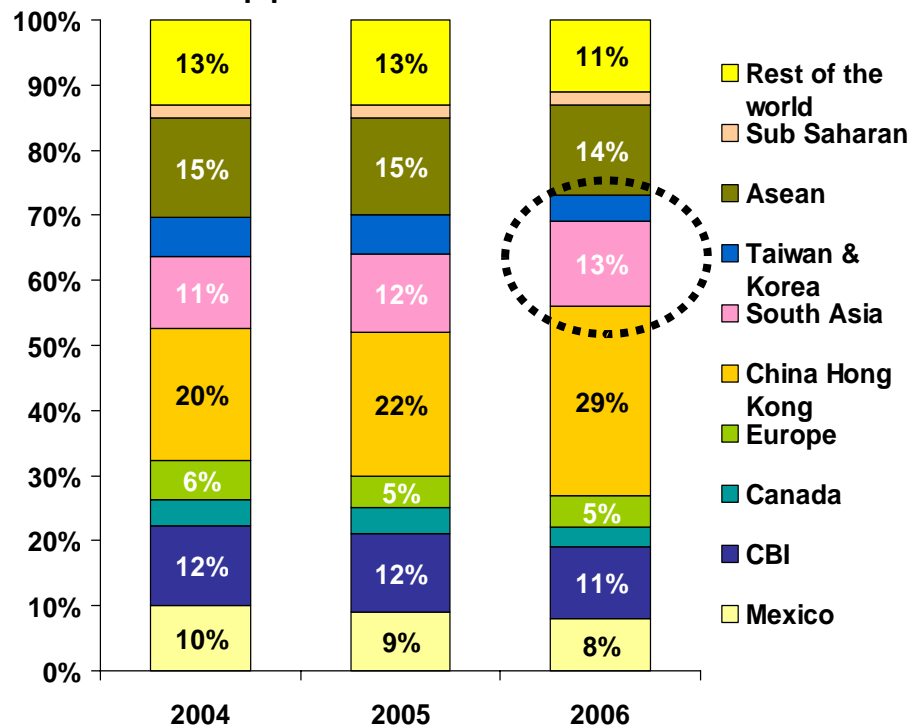
Data for the year 2006

Exports are growing in the key product segments ...

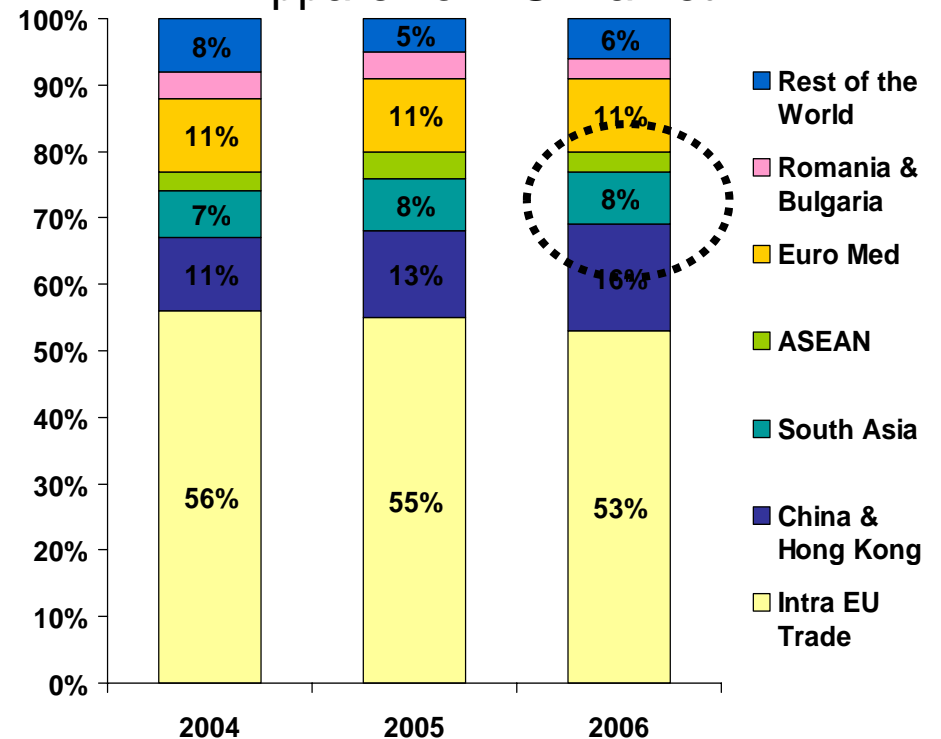
- **Latest official figures compiled by the Ministry of Textiles, India conclusively show that textile exports from India in the year 2005-06 fetched a handsome \$17 billion, against \$13.5 billion in 2004-05.**
- **Readymade garments (RMGs), which account for a majority of the textile segment, did exceedingly well in the post-quota regime, clocking a vibrant 32.42 % growth to \$8.2 billion from \$6.2 billion in the year 2004-05**
- **Performance of other made-up textile articles notched up 25.63 % growth to \$2.3 billion in the year 2005-06 as compared to \$1.8 billion last year.**

And led by India, South Asia is emerging as a long term supplier of Quality Clothing to the Global Markets ...

Market Share of Textile and Apparel for US Market



Market Share of Textile and Apparel for EU Market



Source: Technopak Advisors Pvt. Ltd.
Data for the year 2006

How India Could do this ??

Because Indian Textile Industry has some inherent advantages

- Like
 - A large fiber base: Natural as well as MMF
 - A large Spinning & Weaving industry
 - A large low cost skilled/ semi skilled work force
 - A pool of technical & management talent
 - A stable, “ low risk” economy, safe for business growth
 - A large and growing domestic market to support industry growth

And....

- Indian sub continent, led by India is 2nd most competitive as a sector and India has the potential to lead the race...

	Raw cotton/ MMF Production/ Cutlivation	Availability of Converting (Spg & Wvg) Technology	Conversion Cost	Country Stability/ Private Sector Growth	Points gained on all factors	Total by region/ cluster
China & HK	5	5	4	5	500	710
Taiwan	5	3	2	3	90	
South Korea	5	3	2	4	120	
India	5	4	4	5	400	554
Pakistan	3	3	4	3	108	
Bangladesh	2	1	5	3	30	
S.Lanka	1	1	4	4	16	
Indonesia	4	3	5	3	180	344
Thailand	3	3	4	4	144	
Cambodia	1	1	5	2	10	
Vietnam	1	1	5	2	10	
Turkey	4	3	3	5	180	340
CIS	3	3	4	2	72	
Other E European	2	3	4	3	72	
Romania	1	1	4	4	16	

Supported By Indian Government

- Some of the Initiatives taken by Indian Government:
 - Scheme for Integrated Textile Parks (SITP)
 - Promoted by Entrepreneurs, it aims to provide world class infrastructure for Textile and Apparel Industry.
 - Development of SEZ's
 - To facilitate single window clearance.
 - Open FDI Policy
 - 100% FDI is allowed in manufacturing sector.
 - Other than the above Textile ministry of India is open to discuss any specific requirements of the investors, if required.

And Textile Specific Educational Institutes

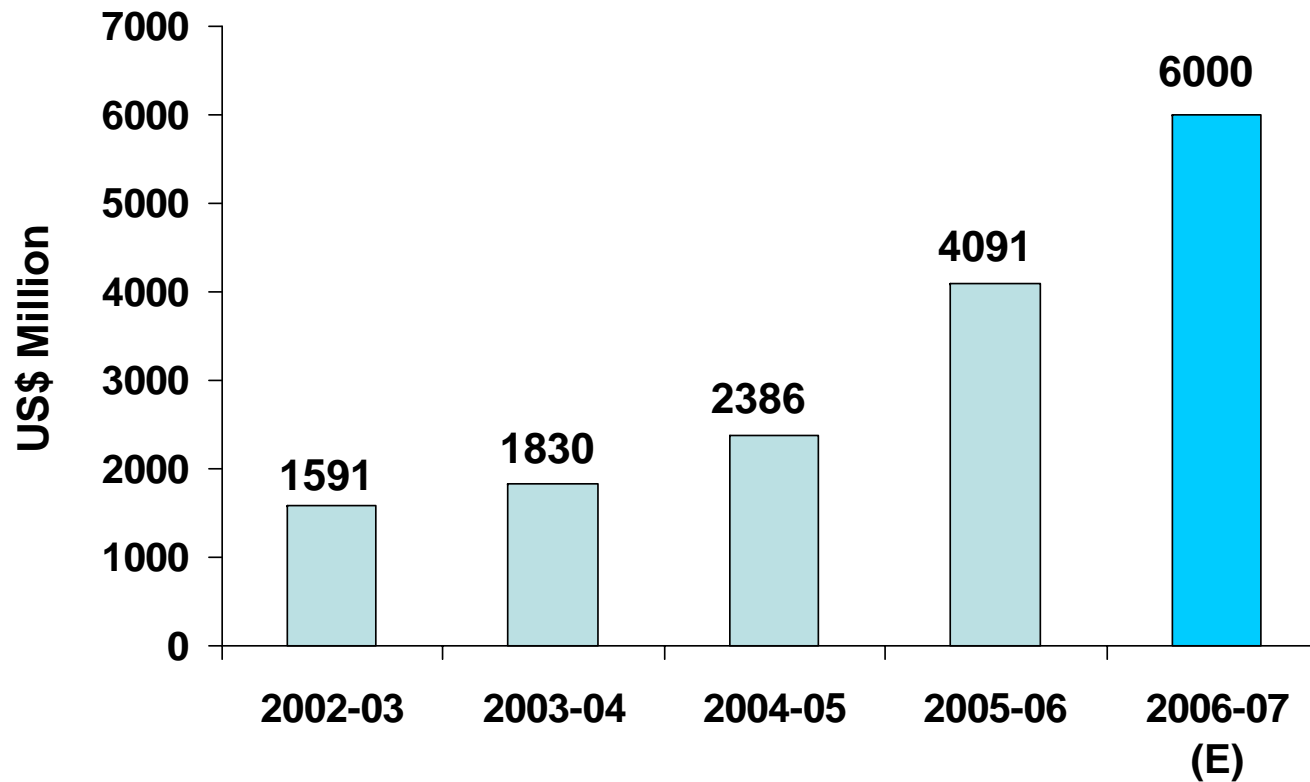
- Many Institutes supporting the Indian Textile Industry are promoted by Indian Government and Industry Associations.
 - National Institute of Fashion Technology (NIFT)
 - National Institute of Design (NID)
 - Indian Institute of Technology (IIT)
 - Technological Institute of Textile and Sciences (TIT&S)
- Such Institutes not only provide technical manpower but also support Research and Development activities for the Textile Industry.

This has been understood by everyone ...

- Indian Textile and Apparel Industry witnessed a number of developments in 2006 which included:-
 - Emergence of New Buyers and Suppliers
 - Number of New Government Initiatives
 - Development of New Apparel and Textile Bases
 - Planning of Manufacturing Machinery in India
 - Diversification by Existing Suppliers
 - Alliance and Joint Ventures
 - Growth in Domestic Retail Market

Leading to Increased rate of Investment.

- India has witnessed huge investments in the near past and expecting even more investment in the coming years



Source: Technopak Advisors Pvt. Ltd.
Data for the year 2006

New Buyers have Started Sourcing from India...

★ macy's way to shop®

DAVID JONES

NICOLE FARHI

Talbots

prAna

COUNTRY ROAD

LOWES

SaraLee

JANSPORT

OXFORD
INDUSTRIES

Crocodile
Crocodile

Monsoon

GANT®

...And Opened Liaison and Buying Offices

- New Buying and Sourcing Offices in India
 - Marks and Spencer's
 - Haggard Clothing
 - Kellwood
 - Little Label
 - Boules Trading Company (U.K Based)
 - Castle (U.S Based)
 - Alster International
 - Quest Apparel Inc.

All this has led to Creation of Huge Potential in the Indian Textile Industry

- For
 - Textile and Apparel Manufacturers
 - For Exports as well as Domestic Market
 - Textile and Apparel Machinery Suppliers
 - To cater to Ever growing demand of machinery for Indian Domestic manufacturing.
 - Software and Support System Suppliers
 - To Support the Textile and Apparel Industry
 - Accessories Manufacturers
 - To Support the Textile and Apparel Industry

Summarizing ...

- India is emerging as a manufacturing and R&D base for many companies manufacturing in high cost countries.
- Indian Textile Industry is growing at a very fast pace supported by:
 - Inherent advantages of Raw Material / Man Power etc.
 - Indian Government Initiatives / Institutes
 - Expansion by Domestic Players
 - Entry / Expansion by Foreign Players
- This Growth is leading to a generation of Huge Potential for:
 - Textile and Apparel Manufacturers
 - Machinery and Support Services Suppliers

About

The Textile Association (India)

Founder Member of FAPTA

The Textile Association (India) - TAI

- It was formed on 9th April 1939.
- It has a membership of over 20000.
- It has got 27 units spread all over India.
- The Textile Association (India) organizes Seminars, Conferences, Workshops, Refresher Courses and Exhibitions of textile & allied machines for the benefits of the members serving the textile industry.
- It publishes its bimonthly Magazine – The Journal of Textile Association which is well accepted by textile Industry.
- TAI works in association with The Ministry of Textiles, Govt. of India in disseminating the information about various Govt. scheme to uplift the Textile Industry.

- TAI is the founder member of FAPTA.
- It has organized 1st and 7th Asian Textile Conference at New Delhi.
- TAI is also a member of INDIA – ITME Society.
- TAI have its two websites-- www.textileinfoonline.com and www.textileassociationindia.org to disseminate the knowledge to its member and the textile Industry.
- At present, The Textile Association (India) is lead by Dr. P. R. Roy as President and Mr. Ashok Juneja as Vice President.

OVERALL OBJECTIVE OF TAI :

- To promote the use of scientific knowledge in Textiles, from fibers to garments through Lectures, Seminars, Workshops, International Conferences & so on.
- To implement programmes of continued education in Textile technology and management thro' Publication of Textile Journal.
- To help members acquire Textile Qualification towards improved job performance through low cost Technical Books and Formal Examinations.
- To Honour all those who contribute significantly to the growth of Indian Textiles.
- To analyze socio-economics environments for developing strategy recommendations.
- To develop a sense of brotherhood amongst the fellow textile professionals.

Thank You !!!