India's Textiles and Clothing Industry: An Overview

T & C Industry in Indian economy

India's GDP	4%
India's Industrial Production	14%
India's export earnings	12%

Direct Employment: 35 million – the largest in manufacturing sector

Indian T&C Industry : The Value Chain

- **Strong and Diverse Raw Material Base:**

14% of world's production of textile fibres and yarn

- **2nd largest producer and exporter of cotton and yarn**

18% share in world cotton & cotton yarn exports

- **Strong presence in entire textile value chain**

vertically and horizontally integrated – from fibers to fashion.

- **Unique blend of tradition and technology**

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Indian T&C Industry : Installed Capacity

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Units in Million	Installed Capacity World	India	India as % of World	India's Rank
Spinning				
1. Spindles (Cotton system)	202.4	39.3	19.4	2 (china)
2. Spindles (Wool)	14.9	1.0	6.9	3 (China)
3. Rotors	8.7	0.6	6.9	4 (Russia)
Weaving				
1. Shuttle Looms	4.44	2.01	45.3	1
2. Shuttleless Looms	1.00	0.05*	5.0	4 (china)
3. Handlooms	4.60	3.90	84.7	1
Total of Looms	10.04	5.96	59.4	1

* Over 100,000 shuttle less looms by 2010, Textile commissioner data
In bracket is first rank country.

Source: ITMF report 2008

Fibers Strength of India

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- ✓The largest producer of Jute,
- ✓2nd largest producer of Cotton,
- ✓2nd largest for Silk,
- ✓2nd position for Cellulosic fiber/yarn, and
- ✓ 2th largest producer of synthetic fiber /yarn

Fibres Category	Production during 2009	% Share in world	Rank
Jute (Jute, Kenaf and allied fibres)	1.8 Billion Kgs	58%	**1**
Cotton	5.0 Billion Kgs	22%	**2** (china-30%)
Silk	20 Million Kgs	14%	**2** (china-82%)
Cellulosic Fibre/Yarns	0.4 Billion Kgs	13%	**2** (china-45%)
Synthetic Fibres/Yarns	2.4 Billion Kgs	7%	**2** (china-48%)

Figures in brackets are % shares of 1st rank country

Source :O/o Textiles Commissioner, India

Cotton Economy of India

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- Cotton production and consumption second highest, after China.
- 22 % of world cotton production – 32.9 million bales of 170 kg (5.6 billion kg) in 2010-11.
- Bt technology and Cotton Technology Mission helped in reducing cost and increasing yield.
- Yield increased from 300 to 555 kg/hectare during 2003-2008; around 500 kg/hectare at present

Cotton and Indian Textiles Industry

- Cotton accounts for nearly 60 percent of fibre consumption in India.

- Huge expansion of spinning capacity in recent years. About 2 million spindles added during last 2 years.

- Over 1.7 trillion rupees of investments in T&C sector during last four years, with cotton textile segment accounting for around 75%.

- Cotton based textile and clothing industry employs over 20 million workers directly and over 36 million in allied sectors.

Indian Cotton Scenario

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Total Production, Consumption and Trade in Cotton (Million bales)						
Cotton Year (1st Oct-30th Sep)	Production	Yield (Kg per hectare)	Imports	Exports	Consumption	Ending Stock
2005-06	24.1	472	0.5	4.7	21.7	5.2
2006-07	28.0	521	0.5	5.8	23.2	4.7
2007-08	30.7	554	0.6	8.8	23.7	3.5
2008-09	29.0	524	1.0	3.5	22.9	7.1
2009-10	29.5	486	0.7	8.3	25.0	4.1
2010-11	32.9	506	0.5	5.5	27.5	4.4

Yield is volatile and increasing consumption of cotton in domestic mills has to be supported by either increase in cotton imports or calibrated cotton exports

Data Source: Cotton advisory Board (CAB,) India

Depleted Stock to Use Ratio

Stock to Use Ratios* of Selected Countries					
	2006/07	2007/08	2008/09	2009/10	2010/11
Brazil	92	91	72	68	89
China	41	40	51	30	28
India	31	23	44	25	26
India (CAB)	**16**	**11**	**27**	**12**	**13**
Pakistan	41	45	39	26	24
Turkey	27	32	33	33	22
United States	53	55	38	19	10
World	**39**	**39**	**44**	**28**	**28**

- Sharp demand recovery, low stock to use ratio and high cotton trading activities in India, causing the price volatility and inflationary trend in whole cotton textile products

Source: USDA

* Ending Stock as ratio of Domestic consumption plus Exports.

Spun Yarn Production

Production of Spun Yarn (Billion Kgs)							
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	% CAGR (2004-10)
Cotton	2.3	2.5	2.8	2.9	2.9	3.1	4.9
Blended	0.6	0.6	0.6	0.7	0.7	0.7	2.7
Non Cotton	0.4	0.3	0.4	0.4	0.4	0.4	0.3
TOTAL	3.2	3.5	3.8	4.0	3.9	4.2	4.6

Cotton dominates in the Spun yarn Category

Source: O/o Textile Commissioner, Mumbai

Production of Fabrics (Sector Wise)

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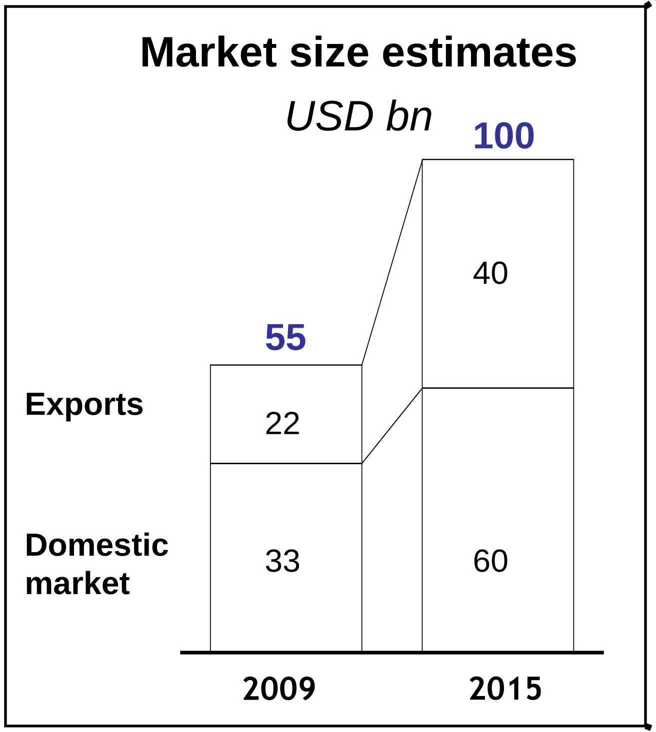
Fabrics Production of Different Sectors (Billion. Sqr. Mtrs)							
	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	% CAGR (2004-10)
Mill Sector	1.5	1.7	1.7	1.8	1.8	2.0	4.6
Handloom Sector	5.7	6.1	6.5	6.9	6.7	6.8	2.9
Power Loom Sector	28.3	30.6	32.9	34.7	33.6	36.6	4.4
Hosiery Sector	9.1	10.4	11.5	11.8	12.1	13.6	6.9
Grand Total	44.7	48.8	52.7	55.3	54.2	58.9	4.7

Grown at a CAGR of 4.7% during 2004-10, mainly driven by power loom sector

Source: O/o Textile Commissioner, India

Sales and Drivers



- **Drivers of exports**
  - **Outsourcing by retail giants**
  - **Transition from Converters to vendor partners of global buyers**
  - **Capacity building to lower per unit cost and become more competitive**
- **Drivers of domestic market**
  - **Growing young population**
  - **Rising household income levels**
  - **Growth of organised retail**

Source: Research commissioned by CITI

Trends in Domestic Market

- Domestic Apparel market growing at 10% per annum
- Home Textiles demand growing at 12-15% per annum
- Urban Consumers increasingly seeking branded and lifestyle products
- Modern retailing environment (organized retailing) a driver for increased consumption.
- Semi-urban and rural Indian markets are growing faster than expected.
- Helpful demographic profile and increase in working female population.

Investments under TUFS

TUFS Loans (01.04.1999 to 30.06.2010 - Rs. Crore)			
	Industry Segment	Project Cost	% Share
1	Spinning	67,822	33
2	Composite Upgradation	36,554	18
3	Cotton ginning & pressing	27,276	13
4	Processing of fibres, yarn fabrics and garments	21,907	11
5	Weaving	16,786	8
6	Garment manufacturing	10,045	5
7	Fabric embroidery	9,677	5
8	Synthetic filament yarn texturising, crimping	4,954	2
9	Knitting	4,348	2
	Others	8,376	4
	Total	2,07,747	100

Spinning has the largest share

India's Trade in Textiles

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Exports of Major Textile Items (US $ Million)			
	2005-06	2009-10	% CAGR (2005-10)
FIBRE & Fibre Waste	792	2481	25.7
YARN	2270	2701	3.5
FABRICS	2505	3712	8.2
RMG	8643	10720	4.4
MADEUPS	2385	2459	0.6
Carpets and other textile including floor coverings.	1289	1347	0.9
Grand Total	17884.9	23420	5.5

Imports of Major Textile Items (US $ Million)			
	2005-06	2009-10	% CAGR (2005-10)
FIBRE & Fibre Waste	676	884	5.5
YARN	457	672	8.0
FABRICS	899	818	-1.9
Apparel/ RMG	57	107	13.5
MADEUPS	107	199	13.1
Other Textiles (including non woven)	482	679	7.1
Grand Total	2,679	3,359	4.6

Exports- Fibres have higher growth than final products

Imports- Long staple Cotton, Man Made Filament Yarn and Woven fabrics of Cotton are major bulk items under Import basket

Source: DGCI&S, India

India’s T&C Trade Composition

% Share of Major Textile Items in Exports		
	2005-06	2009-10
FIBRE & Fibre Waste	4.4	10.6
YARN	12.7	11.5
FABRICS	14.0	15.8
Apparel / RMG	48.3	45.8
MADEUPS	13.3	10.5
Carpets and other textile including floor coverings.	7.2	5.8

% Share of Major Textile Items in Imports		
	2005-06	2009-10
FIBRE & Fibre Waste	25.2	26.3
YARN	17.1	20.0
FABRICS	33.6	24.3
Apparel / RMG	2.1	3.2
MADEUPS	4.0	5.9
Other Textiles	18.0	20.2

Fabric imports dependency coming down, but technical textiles product imports under Other textiles category are increasing

Source: DGCI&S

World Trade Share

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Exports of Textiles & Clothing - World and India (Billion US $)

	Textiles			Clothing			Overall T&C		
	World Exports	India's Exports	% share	World Exports	India's Exports	% share	World Exports	India's Exports	% share
2005	203.0	7.9	3.9	276.0	8.3	3.0	479	16.2	3.4
2006	220.4	8.9	4.0	309.1	9.5	3.1	529.5	18.4	3.5
2007	241.3	9.8	4.1	347.1	9.9	2.9	588.4	19.7	3.4
2008	253.4	10.4	4.1	364.9	11.5	3.1	618.3	21.9	3.5
2009	211.1	9.1	4.3	315.6	11.5	3.6	526.7	20.6	3.9

Source: WTO Report 2010

Projected Market for Indian T&C : 2015

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India's T & C Market

2009			2015		
Total Textile and Clothing Market US$ 55 Billion	Exports Market US$ 22.4 Billion (43%)	Textile Exports US$ 12.7 Billion	Textile Exports US$ 22 Billion	Exports Market US$ 43 Billion (43%)	Total Textile and Clothing Market US$ 100 Billion
		Apparel Exports US$ 9.7 Billion	Apparel Exports US$ 21 Billion		
	Domestic Market US$32.6 Billion (57%)	Domestic Textile Market US$ 17.6 Billion	Domestic Textile Market US$ 28 Billion	Domestic Market US$ 57 Billion (57%)	
		Domestic Apparel Market US$ 15 Billion	Domestic Apparel Market US$ 29 Billion		

Assumptions about growth:

CAGR of 8% for Textile exports and 12 % for Apparel Exports

CAGR of 10%, for Textiles and Apparel domestic demand

Indian T&C Industry to reach US $ 100 Billion by 2015

Source: CITI Estimates

Thank You

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