



9TH ASIAN TEXTILE CONFERENCE

TEXTILE INDUSTRY: MOVING BEYOND THE CONVENTIONAL PARADIGMS

Wednesday, 14th March, 2018

HOTEL ITC MARATHA, MUMBAI, INDIA

BRIEF REPORT

The 9th Asian Textile Conference (ATEXCON) was organized by Confederation of Indian Textile Industry (CITI) on Wednesday 14th March 2018. The flagship annual conference of CITI was attended by more than 350 delegates from India, Switzerland, Indonesia, Bangladesh, Sri Lanka, the Netherlands, etc. The attendees represented the entire breadth of textile manufacturing value chain, ancillaries as well as the services segment. The conference was graced by the presence of Dr. Kavita Gupta IAS, Textile Commissioner, Government of India as the Chief Guest. The theme of the conference was “Textile Industry: Moving Beyond the Conventional Paradigms”.

INAUGURAL SESSION



Dr. Kavita Gupta, IAS, Textile Commissioner delivering the Inaugural Address



Mr. Sanjay K. Jain, Chairman, CITI delivering the Welcome Address

Mr. Sanjay K. Jain, Chairman, CITI in his opening address highlighted the importance of being disruptive and innovative in order to maintain the vibrancy and energy in the textile sector. He further stated that textile industry needs to find out its own ways of staying young, vibrant and energetic to deal with the ongoing issues. He suggested that we have to move beyond the conventional paradigms and look for out of box solutions to resolve the long pending issues plaguing the textile and apparel sectors. The textile industry needs to take a step forward and show that they are ready to multiply the incentives received from the government with robust growth. He also announced that CITI has completed 60 years of service to the industry and nation this year and will be celebrating its diamond jubilee in November-December this year on a mega scale. The honourable Prime Minister of India will be invited to inaugurate the Diamond Jubilee Celebrations mega event.

This was followed by a special address by Mr. Sanjay Jayavarthanavelu, Chairman and Managing Director, Lakshmi Machine Works. In his address, he stated that concentrated markets and high interest rates are the key challenges faced by the industry. He highlighted that technology would need an ecosystem for adoption. He stated Recycled clothes, less carbon Smart textiles, 3D printing, new yarn types will shape the future of textile industry.

After that, CITI-Wazir white paper was launched by the Chief guest and CITI signed an MoU with MCX. On the occasion, Mr. Sanjay K. Jain, Chairman, CITI said that CITI is delighted to partner with MCX, which has a highly successful and popular cotton contract. By virtue of this MoU, textile industry stakeholders

would be imparted knowledge about the benefits of cotton futures mainly focusing on cotton price volatility and need for risk management through cotton futures, among working towards other important common goals.



Launching of 9th ATEXCON Knowledge Paper.

The theme presentation delivered by Mr. Prashant Agarwal, Joint Managing Director, Wazir Advisors, knowledge partner to ATEXCON, presented the global trends which are changing the shape of industry and focused on initiatives required to be taken up by industry to keep pace.

The Chief Guest, Dr. Kavita Gupta, IAS, Textile Commissioner acknowledged and congratulated the industry for reaching to a level where they can leapfrog into a different orbit. She emphasized the need to integrate MSMEs to achieve the inclusive growth of the sector. The highlight of her address was the brief history of Indian textile sector which spanned from the age of poet and weaver, Saint Kabir up to the state-of-the-art infrastructure being developed in Indian textile parks these days. Deputy Chairman, CITI Mr. T. Rajkumar thanked everyone for their support.

Mr. T. Rajkumar, Deputy Chairman, CITI proposed the Vote of Thanks in the Inaugural Session. Mr. T.



Signing of CITI – MCX MoU

Rajkumar thanked all the eminent Speakers, Sponsors, Delegates, Media, Knowledge Partner – Wazir Advisors and Authors who have contributed articles in CITI Textile Times, for their whole-hearted support for the success of 9th ATEXCON. He also mentioned that this event would not have been possible without the financial support of our sponsors. We recognize with gratitude their significant contribution.

SESSION I:

POLICY SUPPORT TO ACHIEVE US\$ 300 BN. MARKET

The first session titled “Policy Support to Achieve US\$ 300 Bn. Market” was chaired by Dr. Kavita Gupta, IAS, Textile Commissioner, Government of India and moderated by Mr. Sanjay K. Jain, Chairman, CITI.



Session I in progress

While moderating the Session, Mr. Sanjay K. Jain, Chairman, CITI welcomed the presence of the representatives of the entire textile and apparel value chain as Panelists. He stated that it was for the first time that all segments of the textile and apparel value chain – cotton, manmade fibres, yarn, fabrics, garments and home textiles were represented on the same platform. In his opening remarks, he pointed out that the entire textiles and apparel value chain needs to integrate and work together in close cooperation and also gain support of the government to overcome challenges while achieving the ambitious target of US\$ 300 bn market size. Mr. Jain stated that the target of US\$ 300 bn market looks huge but to achieve this ambitious target both government and textile and apparel industry should join hands.

Dr. P. Ali Rani Chairman & Managing Director, Cotton Corporation of India (CCI) highlighted the key statistics about Indian cotton textile sector and the need for cotton development in the emerging scenario.

Mr. Ujjwal Lahoti, Chairman, TEXPROCIL stated that India has not been able to take full advantage of our FTAs with Japan and South Korea because of stringent

rules of origin and placement of our major products in the sensitive / exclusion list. These FTAs need to be revisited and re-negotiated, if necessary, to ensure that our main products such as cotton yarn get the duty free access to these markets on an immediate basis.

Mr. Sri Narain Aggarwal, Chairman, SRTEPC emphasized that the current duty drawback and ROSL rates do not fully neutralize the incidence of taxes in the textile and apparel manufacturing. It is estimated that about 5 to 7% of taxes go unrebated that inevitably gets passed to the international buyer, resulting in lower export competitiveness of the Indian industry. It is hence required that government analyzes this aspect, with the industry involvement, and takes the necessary corrective action. He said that an independent study may be done on an urgent basis, to ensure no taxes get exported.

He also highlighted that after implementation of GST, the effective import duties on textile and apparel have come down. The latest data available for current financial year indicates approx. 15-20% higher import value in comparison to the same period last year. This aberration is negatively impacting the domestic manufacturers. It is recommended that Government raise the import duties to the pre-GST level to support the domestic industry. Today most manufacturers have a mixed market, disincentive in domestic market reduces motivation to invest where import threat is there.

Mr. S.K. Khandelia, Co-Chairman, FICCI Textiles Committee highlighted that development of Manmade fibre based value chain is critical for India to achieve any of its ambitious targets. In the exports, our product basket is not diversified because of limited manmade textiles and apparel. Also, the fast growing demand of manmade products in the domestic market would eventually result in higher imports if such products were not available sufficiently, at right price. The Government hence needs to adopt a fibre neutral policy and also ensure that manmade fibres that need to be imported should be allowed at viable rates.

He also said that India is at disadvantage with its neighboring nations of Bangladesh, Sri Lanka and Pakistan, which have duty free access to European market whereas imports from India attract 9.6% import duty. The government needs to fast track the on-going FTA discussion with EU and others in order to provide exporters with a level playing field. EU is already the largest market for Indian apparel with a share of 26%. Finalizing FTA with EU could change the entire shape of Indian industry wherein Government would not have to pay any other kind of support. However, we need to work on FTAs with Australia, Canada and Britain (post Brexit). In cotton yarn we lost our leading position to Vietnam, just because of duty free access of their yarn, while ours attract 3.5% duty.

He also said that we have provided duty free access to Bangladesh's apparel exports to our country as a result Indian apparel imports from Bangladesh in Apr-Dec FY17-18 stood at US\$ 124 mn, which were 16% higher than in same period in FY16-17. The issue here is that the duty free access has been provided to Bangladesh without any sourcing restrictions, which is resulting in Chinese fabric entering into Indian markets via Bangladesh. Indian government needs to put desired rules of origin to ensure that apparel made from fabrics made in India, Bangladesh or other SAFTA nations only get such duty free access to India. Even USA has origin rules for duty free access to neighbouring countries.

Mr. P. Natraj, Chairman, SIMA stated that Cotton fibre is the mainstay of Indian textile industry but unfortunately the cotton yields and quality have come down in last few years. The level of contamination in cotton is another concern area for the user industry. Government should prioritize steps for introduction of better quality cotton seeds and also create wide spread awareness about better agricultural practices among the farming community. CCI needs to play a pivotal role in getting pilot projects running, to ensure that farmers are enthused to try for contamination free cotton – Australian cotton gets 10% premium over Indian cotton as its contamination free and with low trash.

He also emphasized that TUFSS is the single most important investment promotion scheme but delays in settlement of TUFSS reimbursements mar the overall viability of projects. The Government should take appropriate steps to facilitate the reimbursements on time to the investors. The budgetary allocations should be sufficient to cover the backlogs as well as the upcoming investments.

Mr. Narendra Kumar Goenka, Executive Member, Incharge - Western Region, AEPC stated that there should be a single platform for the Central & State Textile Ministries to converge and discuss their policies at one place. So far, states are taking independent steps to promote textile and apparel investment, without looking into the bigger picture for the entire country. For example, India is already having excess spinning capacity but certain States are still providing high subsidies for new spinning investments. This is causing the spinning mills in other States to become uncompetitive and also valuable subsidy money is getting spent where not needed.

Dr. Kavita Gupta, IAS, Textile Commissioner, GoI in her concluding remarks pointed out that on one crore investment under the Apparel policy, the investors get a return in the range of 40-50 lakhs which is huge. She said that there is a solar energy scheme for powerlooms units. She also emphasized that liberalization of TUFSS is underway.

SESSION II: INNOVATIONS AND TECHNOLOGICAL DEVELOPMENT SHAPING THE FUTURE OF TEXTILE MANUFACTURING



Session II in progress

Mr. D. L. Sharma in his opening address remarked that in a highly competitive environment, innovation and technology adoption in the textile industry plays a crucial role for increasing the pace of manufacturing in a sustainable manner. In order to cope up with the global competition, textile industry needs to operate in a business environment that will help them reduce the costs and respond to the global demand in the most effective way. More than ever before, faced with the challenge of keeping the country “on the map” for buyers, Indian textiles and clothing companies need to improve their competitiveness by focusing on the general business environment in which their factories operate and keep on adopting the new technologies and innovative business solutions to remain ahead of their competitors.

Mr. R. D. Udeshi, President, Polyester Chain, RIL initiated the conference outlining the scenario of manufacturing of cotton and polyester in India. He mentioned that cotton production is limited as well as additional investment is required in polyester manufacturing. He emphasized that there is a requirement of end-to-end integration along the value chain. He also highlighted that buyers generally look for few suppliers to fulfill their needs. Hence, the need of the hour for companies is to focus on achieving economies of scale in textile manufacturing.

Mr. Abhijeet Puranik, Head Sales - India, Rieter began by outlining the key elements of Textile 4.0. He underlined the importance of forthcoming cyber-physical systems which will aid human beings in improved textile manufacturing. Further, Mr. Puranik mentioned that machine, transport and process

automation are the three major focus areas that spinners can focus on. Digitalization will turn conventional mills into smart ones as cited by Mr. Puranik. The presentation was concluded by screening of a video on Rieter Alert and Cockpit Module.

Mr. Ramanadane C., General Manager, Marketing & sales, Lakshami Machine Works Ltd focused on the significance of innovation in textile manufacturing and the accelerating factors for innovation such as flexibility, automation, sustainability, quality and internet of things. Further, Mr. Ramanadane also touched upon the scope of each of these factors along the spinning value chain from blowroom to ringframe. At the end of his presentation, Mr. Ramanadane displayed a video of Spinconnect – which is a complete IoT solution for spinners. Spinconnect has features such machine health monitoring, online control, recording data, remote diagnosis, predictive maintenance, and e-mail and SMS alert features which can transform a spinner into a data virtuoso for smart decision-making.

Mr. D. Ghosh, General Manager - Sales, Oerlikon Textile India P. Ltd spoke about new technology developments that are providing solutions along the process value chain. He spoke about Oerlikon MMF fibre production from melt to yarn production which covers only two sections of the entire value chain. Additionally, he emphasized that MMF fibre and filament market is continuously growing and India and China have emerged as the biggest markets for Polyester. He also spoke about GST being a big game changer in the complete textile value chain. He also described technologies used in the production of yarn from melt at Oerlikon.

Mr. Deepak Mehta, Head - Energy & Agri, MCX Ltd. shed light on the current commodity trading ecosystem and focused specifically on cotton trading and cotton price risk management. He talked about the roles of financial players in the cotton value chain and delivery structure of cotton at MCX. Mr. Mehta highlighted that after its launch in 2011, about 13 crore bales of cotton were transacted on MCX. He explained in detail the entire process of trading cotton on MCX. He concluded with information on how to participate on MCX.

Dr. Christina Raab, Director Implementation, ZDHC, Amsterdam started her presentation with an eye-opening video about water pollution and emphasized on the fact that in the future wars will be fought for water. She went on to explain the scope of Zero Discharge of Hazardous Chemicals (ZDHC) and anyone from brands to retailers to manufacturers can endorse and use the same. Indian brands such as Arvind and others, some manufacturers and even chemical producers are value chain affiliates of ZDHC. She concluded with the remarks that the USD 300 bn. market has to keep sustainability in mind.

SESSION III: GLOBAL VALUE CHAIN – TRADE AND INVESTMENT PERSPECTIVE



Session III in progress

Mr. Prem Malik, Past Chairman, CITI in his opening remarks pointed out that a major shift has taken place in the geographical manufacturing & production of textiles from industrialized nations like USA, EU to developing countries in Asia. According to him, the major factor that contributed to the geographical dispersal was the fragmentation of production processes from the western world to the developing nations in Asia in search of lower production & labour cost that eventually led to the emergence of the concept of 'Global Value Chain'. In his remarks, he also mentioned about the importance of Free Trade Agreements (FTA) and Preferential Trade Agreements (PTA).

Thereafter, Dr. Christian Schindler, Director General, ITMF, Zurich delivered the lead presentation which focused on world textile and apparel industry, new disruptive technologies, geographical re-distribution across the industry and implications for the global textile and apparel industry. He emphasized that trade in Asian countries is increasing manifold and at the same time they are also largest consumers of apparel. He further explained major trends such as mass customization, industry 4.0, environmental sustainability etc. which are reshaping textile and apparel manufacturing and also outlined the areas of investment in textile machinery. He concluded on the note that global fibre consumptions are on the rise out of which MMF fibres specifically polyester is benefiting most. Wool has become a luxury fibre and cotton is also on the same path.

Mr. S.K. Gupta, President - Corporate, Raymond Ltd. focused on various global trends in textile and apparel trade. He mentioned that manufacturing has

undisputedly moved to Asian countries while African nations are yet to realize full potential of duty free access to US and EU markets. India and China have emerged as largest consumers. He outlined that low wage cost, duty free access, tax exemption, fast fashion trend, raw material availability, large domestic markets, regional alliances and designing and branding etc. are contributing to the ever-evolving landscape. He concluded with trends that are reinventing global textile and apparel trade.

Mr. G. Ramamohan, Policy & Stakeholder Engagement Lead – Monsanto India, emphasized that after 2006 no new products have come up in cotton as regulators have not given approval to any new products. Also, production and productivity has plateaued in the last few years. Further, Mr. Ramamohan underscored that earlier Indian cotton yield was 300 – 330 kg/ hectare which increased to 500-550 kg/ hectare but it has stagnated since then and currently yield stands at around 480-485 kg/hectare.

Mr. Govind Venuprasad, Coordinator - SITA, Office for Asia and the Pacific, International Trade Centre, Switzerland highlighted that the East African nations are primed for investment in textile and apparel in the current global scenario. Additionally, he explained that East African nations attract investments due to large population base of these countries, low purchasing power, duty free access in areas like Cairo and Cape Town, low wage costs, presence of buyers, Government support for ease of doing business, etc. He also mentioned that the power cost in countries like Kenya and Ethiopia are low compared to China. Also, power generated in Kenya and Ethiopia is geothermal and hydropower which is environment friendly.

Mr. Felix Fernando, Chairman, Sri Lanka Apparel Exporters Association emphasised on the need of Free Trade Agreements for ease of doing business. He stated that currently Sri Lankan Government is working on FTAs with India as well as Bangladesh. He stated that Sri Lanka as a country is no longer a cheap sourcing destination. On the other hand, Sri Lanka is importing fabric and cotton yarn from China and India.

Mr. Fazlul Hoque, Managing Director – Plummy Fashions, Lead Advisor – SR Asia highlighted that Bangladesh textile and apparel industry has taken a serious step towards green manufacturing and sustainability. He stated that already 13 textile and apparel companies are Platinum Leed Certified, over 70 are Leed Certified and 200 others are in the pipeline for the same. He also specified that although Bangladesh is known for producing cheapest in the market textile and apparel products but at the same time other requirements of buyers are being fulfilled. Mr. Hoque further emphasized that Indian spinners

can increase yarn trade with Bangladesh as spinning is not as developed in the country as compared to India. He cited the example of Zara, where delivery time is 45 days and yarn used has to be local. He concluded the session saying that Indian non-cotton sector is not strong due to which Bangladesh imports non-cotton from other countries such as China and Indonesia.

Mr. Rajaguru Raja, Managing Partner – Texcoms Textile Solutions, Indonesia stressed on the continued relevance of China in the global context. Reasons being economies of scale and high levels of automation achieved by the Chinese manufacturers which are catering to retailers' demands. Mr. Raja also spoke about the present status of different countries, for example, India needs end-to-end integration in the supply chain. Ethiopia has advantages such as duty free access and low wage and power cost but it still has a long way to go. Further, Cambodia, Laos and Myanmar are only having capacities in Cut, Make and Trim (CMT) therefore there is a need for backward integration in those nations.

SESSION IV:

RETAIL IN TEXTILES AND APPAREL: EMERGING SCENARIO



Session IV in progress

Mr. Prashant Agarwal, Joint Managing Director, Wazir Advisors moderated the session which focused issues faced by the industry in the retail supply chain. He highlighted that domestic apparel market will have more importance.

Mr. D.L. Sharma, Vice Chairman, CITI chaired the session and gave an overview of the apparel retail market of India. Mr. Sharma also pointed out that Indian consumers and their apparel preferences are gradually changing, which in turn is altering the shape

and size of apparel retail business. Indian apparel which was deeply rooted to immensity and richness of Indian culture is now aligning itself to more refined and globally on-trend fashion. With growth of disposable income, favorable demographics and changing lifestyle, consumption of products and services is expected to grow continuously in the foreseeable future.

Mr. Rahul Mehta, President CMAI highlighted that Indian supply chain should understand the importance of domestic buyers and meet their requirements in terms of delivery time, qualities, product development, etc. He emphasized that the change is happening in retail but it is slow. He emphasized that during the financial crisis, domestic market saved the day for Indian industry.

Mr. Alope Banerjee, CEO-Retail, The Bombay Dyeing & Manufacturing Co. Ltd stated that focus on timely delivery and better service will be very important.

Mr. Mohit Dhanjal, Director-Retail, Raymond Ltd. said that collaboration across the value chain is a very important to build a successful supply chain.

Mr. Anindya Ray, EVP and Chief Sourcing Officer, Arvind Lifestyle Brands Limited highlighted that the key challenges faced by the industry are unstable raw material prices, limited adoption to fast fashion, higher lead times and low sampling capacity. He also highlighted that trends are created outside the design cells and brands and now brands are reacting to consumer demand.

ATEXCON was finally closed with concluding remarks and vote of Thanks by Mr. D.L. Sharma, Vice Chairman, CITI who highlighted the efforts of CITI team and support of sponsors & delegates which led to the grand success of this year's conference.



Delegates at 9th ATEXCON