

## PAIN IN INDIAN TEXTILE SECTOR REDUCES AS INDUSTRY GROWS – CITI

Mr. Sanjay Jain, Chairman, CITI pointed out that as per RBI Financial Stability Report – December 2018, the stressed advance ratio of the textile sub-sector has been improving continuously. From 23.70% in September 2017, the stressed advance ratio of the textile sector has come down to 18.70% in September 2018.

Also, Chairman, CITI stated that as per Ministry of Commerce & Industry, DGCI&S, Quick Estimates data for the month of November 2018, the exports of textiles and apparel stood at Rs.18,965 crore during November 2018 as compared to Rs.16,707 crore during November 2017, showing an impressive growth of 14%. It is noteworthy that over the same period apparel exports have grown at a remarkable rate of 21%.

### CITI Analysis of Exports of T&A for November 2018

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*alue in INR Crores*

Category	November 2017	November 2018	% Change
Cotton Yarn/Fabs./Made-ups, Handlooms, etc.	5,686	5,968	5%
Man-made Yarn/Fabs./Made-ups etc.	2,477	2,664	8%
Jute Mfg. including Floor Covering	164	203	24%
Carpet	740	964	30%
Handicrafts excl. handmade carpet	920	1,054	15%
<b>Textiles</b>	<b>9,987</b>	<b>10,853</b>	<b>9%</b>
<b>Apparel</b>	<b>6,720</b>	<b>8,112</b>	<b>21%</b>
<b>Textile and Apparel</b>	<b>16,707</b>	<b>18,965</b>	<b>14%</b>
<b>All Commodities</b>	<b>170,541</b>	<b>190,429</b>	<b>12%</b>
<b>% of T&amp;A in Total Exports</b>	<b>10%</b>	<b>10%</b>	
<i>Source: Press Information Bureau</i>			

Chairman, CITI stated that he was delighted to see the positive IIP data. It is pertinent to mention here that the IIP production data for T&C also witnessed robust year-on-year growth during October 2018 as compared to October 2017. Textiles and Apparel have registered a growth of 6.2% and 28%, respectively during October 2018.

## Quick Estimates of IIP for Textile and Clothing Sector (T&C): October 2018

Category	Index		
	Oct'17	Oct'18	% change
Manufacture of Textiles	113.5	120.5	6.2%
Manufacture of Wearing Apparel	106.3	136.1	28%

Source: Ministry of Statistics Planning & Implementation

Chairman, CITI observed that the positive trend in the entire textile value chain has been the result of pragmatic approach shown by the Hon'ble Union Minister of Finance, Hon'ble Union Minister of Commerce and Industry and Civil Aviation and Hon'ble Union Minister of Textiles, on the issues of T&C Industry. The support extended by the Government to the industry, includes disbursement of Rs.1,300 crore for the Samarth Scheme, Rs. 6000 crore Apparel & Made-ups Package along with various State Incentives; resolution of GST related issues, increase in import duty of various textile and apparel commodities, etc. Chairman, CITI expressed his deep gratitude to the Hon'ble Ministers for their timely policy support and intervention to boost the industry which was under severe stress especially after the implementation of GST.

Chairman, CITI stated that apart from the above, some of the other prominent schemes that Ministry of Textiles has introduced for the development of the entire textile value chain are; Scheme for Integrated Textile Park (SITP) and Integrated Processing Development Scheme (IPDS) which have been extended and notified for the period from 2017 to 2020 and Technology Upgradation Fund Scheme (TUFS) under which A-TUFS has been launched for the period of 2016-2022.

Chairman, CITI pointed out that one key area of worry for the T&C Industry today is continuously rising imports of textile products where industry need immediate attention and support of the Government. As indicated in the table below, all the categories across the value chain have seen a drastic rise in imports during Jan-Oct 2018 vis-à-vis same period last year:

### India's Imports of Textiles and Apparel during Jan-Oct 2017-Jan-Oct 2018

Category	Value In US\$ Million		
	Jan-Oct 2017	Jan-Oct 2018	% Growth
Fibre	1,709	1,455	-15%
Filament	501	574	15%
Yarn	297	384	29%
Fabric	1,763	2,069	17%
Apparel	554	877	58%
Home Textiles	216	246	14%
Others	466	565	21%

Data Source: CITI Analysis based on DGCI&S data

Chairman, CITI highlighted that the biggest game changer that can transform the Indian T&C Industry and put it at par with its competitors, such as Vietnam and Bangladesh, are Free Trade Agreements (FTAs) with EU, Australia, Canada and Britain for Made-ups and Garments and reduction of import duty on Indian cotton yarn and fabrics by China. Another major issue which can enhance the export competitiveness of the Indian textile products is refund of all duties and taxes on exports across the value chain, as in principle, a country should not be exporting any types of taxes or duties.

Chairman, CITI stated that he is very much hopeful that the Government would intervene in the matter and continue to support the textile industry, so that it can fulfil its USD 300 billion industry target and employment potential by 2025.