Status of Indian Textile Machinery Industry

Economic Scenario

The Indian economy grew at its slowest pace in five years at 6.8% in 2018-19 from 7.2% in 2017-18. The economic growth hit a five-year low of 5.8% in the fourth quarter of the financial year 2018-2019. The growth further slipped to 5% in the first of current fiscal year which is alarming signal for the industry. **The sector wise decline in GDP was a result of poor performance of manufacturing sector, agriculture, mining, electricity, and services as a whole.**

The maiden budget presented by the new Finance Minister on July 5, 2019 contains vision for making India a five-trillion-dollar economy by 2023-24. The Budget lowered the tax rate to 25% for all companies with an annual turnover of up to Rs.400 crore, instead of Rs. 250 crores earlier. However, nothing specific was announced for the textile or textile engineering sector.

Production Trends

The Textile Engineering Industry has currently an estimated annual installed capacity of Rs.11,000 crore per annum. The total provisional production of textile machinery, parts & accessories during 2018-19 had recorded a nominal decrease of 1% reaching Rs.6,865 crore as against Rs.6,900 crore achieved during the previous year. The decline in production of spinning machinery was responsible for this. In weaving sector, particularly the Shuttle-less Loom category the growth rate was stagnant due to uncertain situation created by the unfavourable procedures under the ATUF Scheme as well as adverse situation in the power-loom sector arisen with the continuing effects of the introduction of GST. Synthetic filament yarn sector also recorded a marginal increase in production while the processing sector saw a significant increase due to exports. Many of the processing machinery manufacturers did well during the period.

Overall capacity utilization in the Textile Engineering Industry decreased from 63% to 62% as compared to the preceding year.

Exports

The exports during 2018-19 rose to Rs. 3,665 crore as against Rs. 2,939 crore achieved during 2017-18. The export of textile machinery to developing countries increased during the year. The Association is making efforts to help the Textile Engineering Industry increase its exports further.

Meeting the demand

The total domestic demand for textile machinery during 2018-19 was Rs.13,004 crore of which imported machinery constituted Rs.9,804 crore. Supplies from the domestic machinery industry amounted to Rs.3,200 crore, aggregating 25% of the total demand. The bulk of the demand was met through imports.

The textile industry, which is the second-largest employer in the country, is reeling under a severe crisis similar to the one witnessed in the automobiles sector across India. About 1.20 lakh workers have lost jobs due to the crisis in the last one year.

I have mentioned the challenges resulting from the bottlenecks of the ATUF Scheme and the collateral blessing for the domestic textile machinery industry. The enlisting process in the scheme of any machinery manufacturer or its dealers was equally difficult for both the Indian and overseas companies in terms of documentation required by the office of the Textile Commissioner (OTxC). However, the impact on foreign companies was severe due to lengthy processes involved through the government offices of two or more countries. In our estimation, this dampened the imports of textile machinery by 20-30%.

The Office of the Textile Commissioner, taking a cue from the Government's desire to be more industry friendly, was cooperative in terms of knowledge sharing and providing guidance on applications, although the change of guard at the decision-making level made delayed enlisting names of the machinery manufacturers and dealers in the ATUF Scheme. This challenge offered opportunities to the Association in enhancing its interaction with the industry, government and the academia. It was able to recommend corrective measures and bring out suitable government circulars pertaining to all stakeholders on the ATUF enlistment process. TMMA expects the process to be expedited in the coming quarters for the benefit of the industry and economic growth.

Measures for Growth Orientation

TMMA has been representing the industry to the Government to enable changes in the fiscal policy, removal of hurdles faced by the industry and assistance required for improving the technology, production and exports. The Association has put in tireless efforts in approaching Governments for concessions and reliefs for initiating measures to revitalize the industry. TMMA submitted pre & post budget recommendations, suggestions related to GST and inverted duty structures. A number of industry representations on quality control order of Ministry of Steel and pending duty drawback cases of the industry were also highlighted.

In 2011, TMMA conducted an industry study "Vision 2020 Report for sustained growth of Indian Textile Engineering Industry" through Gherzi an international textile consultant. The vision document identified technology gaps and suggested remedies to overcome them. It also advised corrections in the government policies which acted as roadblocks for industry's growth. The association intends to conduct a similar study this year as well to define the vision and strategies for the growth of the Indian TEI in the next decade by the year 2030; keeping 'Industry 4.0' as the defining phenomenon in the country's growth and manufacturing industry's contribution into it.

During the year the association also took initiatives in putting forward proposals for "Incentives for Commercialization of the Indigenously Developed and Acquired Technologies from Overseas", to the Ministry of Textiles and Ministry of Heavy Industry & Public Enterprises. The main purpose was to support the domestic research and development and joint ventures under the 'Make in India' initiative of the Government of India to become commercially competitive not only in the domestic but also in the export markets. Both the ministries took the proposal positively, and the association is quite optimistic of a suitable scheme in the coming fiscal year.

New Foreign Trade Policy

The Commerce Ministry will soon come out with a new foreign trade policy, which provides guideline and incentives for increasing exports for the next five financial years 2020-25, the validity for the old one will end on March 31, 2020. Recently the DGFT asked for industry's recommendation on the current foreign trade policy. The association shared its inputs related to the EPCG Scheme & export promotion to DGFT and DHI after informing the industry.

Development of High-Tech Shuttle-less Loom in India

TMMA had proposed for development of high-speed high-tech shuttle-less rapier loom of international standard through a consortium of 5 manufacturers of shuttle-less loom in the country with technical guidance & support from Central Manufacturing Technology Institute (CMTI), Bangalore under PPP mode with funding from Industry and our sponsoring ministry, the Department of Heavy Industries on 20:80 ratio.

Common Facility Centre

Under the DHI's CG Scheme, TMMA (I) joined hands with 'Surat Engineering Vikas Association' (SEVA), a premier association of engineering industries in Surat and 'Sardar Vallabhbhai Patel Education Society' (SVPES) an engineering college based at Bardoli in Surat, to establish a **Common Engineering Facility center** (CEFC) there for textile machinery, and light engineering industry. A section 8 company 'Science Engineering and Technological Upliftment (SETU) Foundation' was registered to execute this project.

The SETU Foundation has completed 3 fiscal years and is able to add satisfactory progress in CEFC. The foundation organized on 7th September 2019 its 3rd AGM that received delegates from industry, academia and the government to witness the progress. In these years they have procured a number of state-of-the-art hardware & software, which are currently placed at the SVPEC campus. They have also accomplished some projects related to prototype development, and component designing from the local industries. Besides, the foundation is also coming out with skill development programs of college students and industrial workforce, based on the curriculum designed with the help of national skill development council.

On the other hand, the CEFC building construction is delayed by a year due to lack of sufficient industry funding. There is a lot of progress in the civil work and other administrative works. We shall focus to generate the fund and complete the construction work within the scheduled shortest possible time.

Capital Goods Sector Skill Council

The Ministry of Heavy Industries & Public Enterprises - Department of Heavy Industry together with Federation of Indian Chambers of Commerce & Industry (FICCI) launched a Capital Goods Sector Skill Council (CGSC) in 2013 under the aegis of National Skill Development Council (NSDC), New Delhi. The objective of the Council was to develop skills of new generation workforce which would match the expectations of the industry.

Currently the CGSC is conducting a study on the Skill Gap analysis through an industry expert 'BDB India'. The study aims to validate the existing workforce strength in the sector and cull out the skill gaps and demand for the coming years. The study also aims to study the potential impact of changing technologies including Industry 4.0 on workforce and its skills requirement. The association has been taking part in governing council meetings of the CGSC and shared its recommendations on relevant queries on skill development.

Abstract from the Speech of Mr. Mehul Trivedi, Chairman
Textile Machinery Manufacturers' Association (India)
at the "59th Annual General Meeting of the Association"
held on Friday, 27th September, 2019 at 2.30 p.m. at "Lotus",
Hotel Trident, Nariman Point, Mumbai 400 021.