

Centre of Excellence  
for Competitiveness for SMEs



Confederation of Indian Industry  
125 Years - Since 1895

TexExcel 2020  
*Knowledge Paper on*  
**Rebooting Textile & Apparel Cluster**

*Tapping opportunities through technology adoption,  
supplier development and sustainability*

25<sup>th</sup> September 2020

Knowledge Partner

**wazir**  
ADVISORS

## Foreword

The Textile & Apparel sector is facing its biggest unprecedented challenge due to Covid-19. With the lockdown getting lifted, the industry is opening up and operations are picking up gradually. However, the sector is facing a slew of challenges after weeks of lockdown and needs to tide over these challenges to revive from the current recession.

The textile & apparel industry has a formidable presence in the Indian economy and is one of the largest sources of foreign exchange earnings, accounting for about 13% of the total exports earnings of the country. Today, the combined market size of exports and domestic consumption for textile & apparel stands at US\$ 140 billion. The domestic consumption constitutes approximately 72% of the total market size while exports constitute the remaining 28%. In terms of global ranking, India is the second largest exporter of textile & apparel products with 5% share.

The Indian textile & apparel industry will need to gear itself to fight the consequences that the coronavirus has brought with it. The industry needs to focus on becoming 'Aatmnirbhar' in order to strengthen its position in the global space and gain a competitive edge. The industry needs to focus on tapping the emerging product opportunities to accelerate its growth through technology adoption, building a strong supplier base and incorporating sustainability.

This conference is a platform for Indian manufacturers, MSMEs and other stakeholders of the textile & apparel industry to deliberate on strategies to be adopted in the rebooting phase. The industry is in dire need of identifying effective measures to support stakeholders in sailing through this crisis and grabbing the emerging opportunities. India has the potential to become the next sourcing destination owing to changing global dynamics and the inclination of advanced economies to diversification of sourcing bases.

**Mr. R.D Udeshi**

President (Polyester Chain)  
Reliance Industries Ltd.  
(Conference Chairman)

**Mr. Shreekant Somany**

Chairman  
CII – Centre of Excellence for  
Competitiveness for SMEs and  
Chairman & MD  
Somany Ceramics Limited

**Mr. Prashant Agarwal**

Partner & Co-founder  
Wazir Advisors Pvt. Ltd  
(Knowledge Partner)

## Contents

|   |           |
|---|-----------|
| <b>1. Overview of Global Textile &amp; Apparel Market</b>               | <b>3</b>  |
| 1.1. Global Apparel Market  | 3         |
| 1.2. Global Textile & Apparel Trade                                     | 4         |
| 1.3. Major Exporters  | 5         |
| <b>2. Indian Textile &amp; Apparel Industry Overview</b>                | <b>6</b>  |
| 2.1. Domestic Market Overview   | 7         |
| 2.2. Indian Exports Scenario  | 8         |
| 2.3. Indian Imports Scenario  | 10        |
| <b>3. Impact of Covid-19 on T&amp;A Industry</b>                        | <b>12</b> |
| 3.1. Impact of Covid-19 on Global Demand in EU, US and Japan            | 12        |
| 3.2. Impact of Covid-19 outbreak on Indian Textile and Apparel Industry | 18        |
| <b>4. Rebooting Textile and Apparel Sector – The Way Forward</b>        | <b>22</b> |
| 4.1. Technology Development   | 22        |
| 4.2. Supplier Development   | 23        |
| 4.3. Tapping New Product Opportunities                                  | 24        |
| 4.4. Incorporating Process and Product Sustainability                   | 25        |

## 1. Overview of Global Textile & Apparel Market

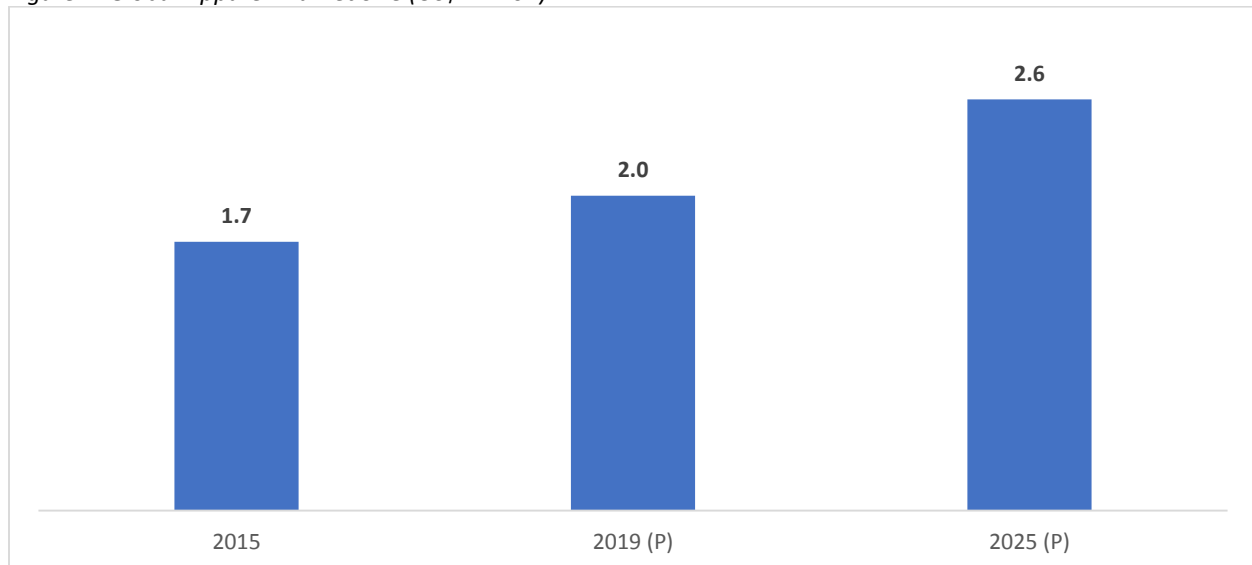
### 1.1. Global Apparel Market

Global apparel market size has grown over the years and is estimated to be US\$ 2 trillion in 2019 and despite the dip in 2020 due to Covid-19, global apparel market is expected to rebound and grow at a CAGR of 5% to reach US\$ 2.6 trillion by 2025. Among the top eight markets of apparel, India and China are expected to grow at steady CAGR of 12% and 10%, respectively. While there is demand slowdown in 2020 in all countries including China and India, the demand is expected to pick up and reach back to normal levels by early 2021 and then further grow from there. Overall fundamentally, higher economic growth and rise in per capita income will lead to the growth in the apparel market in these developing countries.

Global economic lockdown measures to suppress COVID-19 pandemic have resulted in a big blow to the apparel consumption. Retail stores in EU and US, the two major markets for apparel, closed their doors with the onset of the pandemic. The EU textile & apparel industry is expecting significant drop in sales and production in 2020. The apparel consumption in US plunged down to 50% in March 2020, however has since then recovered in subsequent months.

With easing of lockdown, demand has picked up in these countries and it is expected to reach normal levels once the pandemic settles down and then grow from there. While it is difficult to predict when the pandemic will settle down, in the long run the market is expected to stabilize and grow due to the fundamental growth story of the fashion industry.

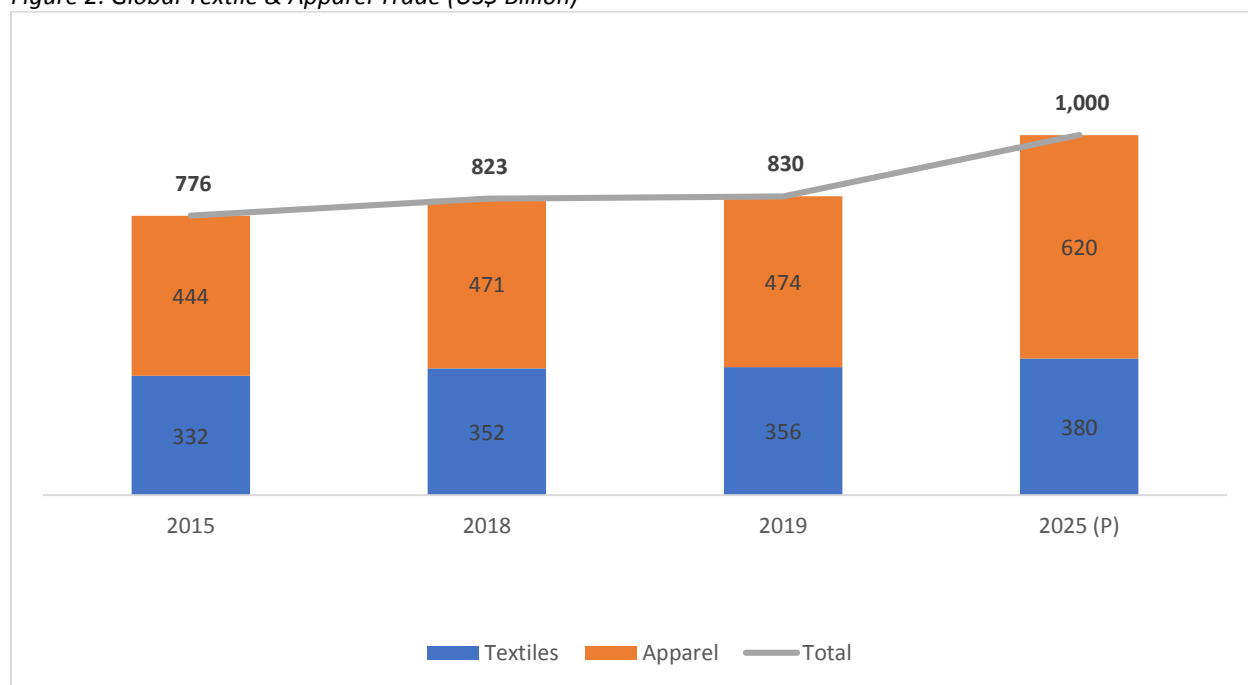
Figure 1: Global Apparel Market Size (US\$ Trillion)



## 1.2. Global Textile & Apparel Trade

In 2019, global textile and apparel trade was estimated at US\$ 830 billion and has grown at a CAGR of 2% since 2015. Apparel holds the dominant share of 57%. The global textile and apparel trade is expected to grow at a rate of about 3% from the present worth of US\$ 830 billion to US\$ 1,000 billion by 2025.

Figure 2: Global Textile & Apparel Trade (US\$ Billion)



Data Source: UN Comtrade

(P) - Projected

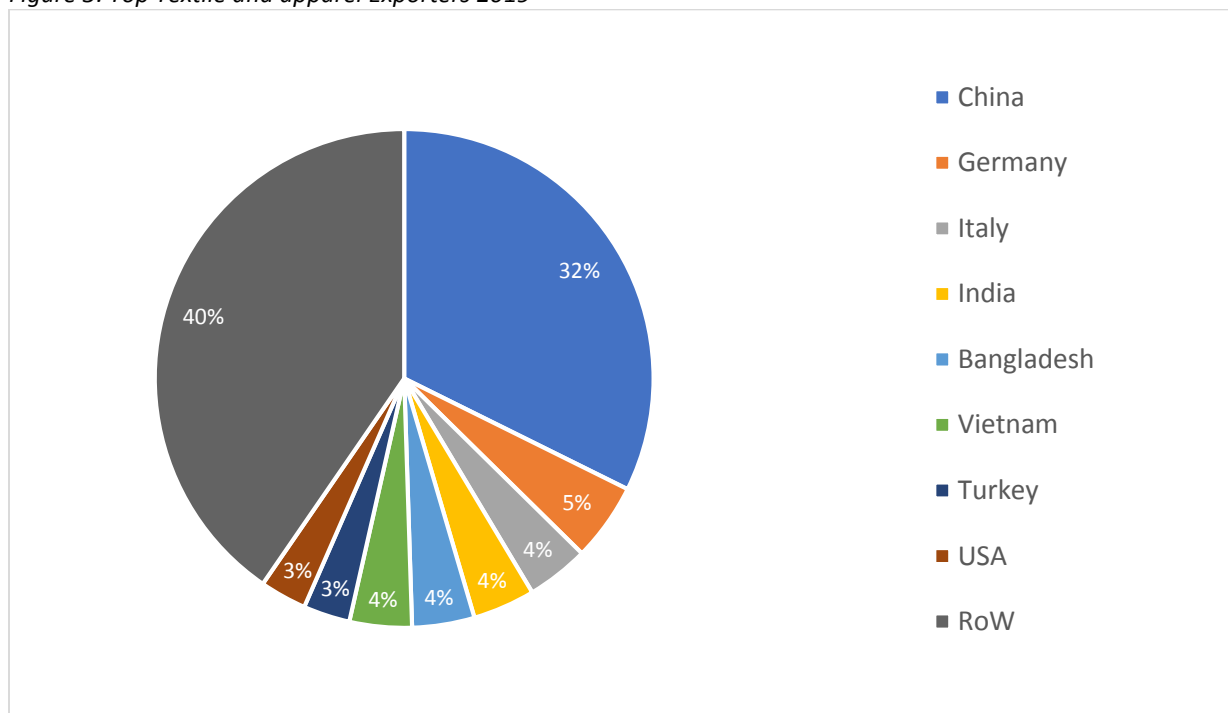
Even before the impact of Covid 19, global trade was subdued due to prevailing economic conditions globally. USA imported textile & apparel products worth US\$ 108 billion in FY20, showing a decline of 4% as compared to that in FY19. With a value of US\$ 116 billion in FY20 (Apr-Jan), the textile & apparel imports of EU increased by only 2% as compared to that in FY19 (Apr-Jan). India's exports to USA stood at US\$ 8 billion in FY20, showing a growth of 3% as compared to the previous financial year. For EU, India's exports stood at US\$ 7.3 billion in FY20 (Apr-Jan), showing a decrease of 1% over the previous financial year.

However, in the long term global trade is expected to grow as buyers are looking to shift sourcing from China and increasing sourcing from countries like Bangladesh, Vietnam, Cambodia etc. This shift in global trade indicates an attractive opportunity for countries with large and competitive manufacturing landscape. India, owing to its competitive edge, can tap this lucrative opportunity.

### 1.3. Major Exporters

Overall China is the largest exporter with 32% share in global textile and apparel exports in 2019. This is followed by Germany with a share of 5%. India has a share of 4%. Other major exporters include Italy, Bangladesh and Vietnam. Over the years, manufacturing has shifted towards low cost countries, with the share of US and Europe decreasing continuously and Asian countries growing, led by China, Bangladesh, India and Vietnam. While China continues to dominate, globally buyers are slowly diversifying their sourcing away from China. Hence export of countries like Bangladesh, Vietnam, Cambodia, Ethiopia has been increasing.

Figure 3: Top Textile and apparel Exporters 2019



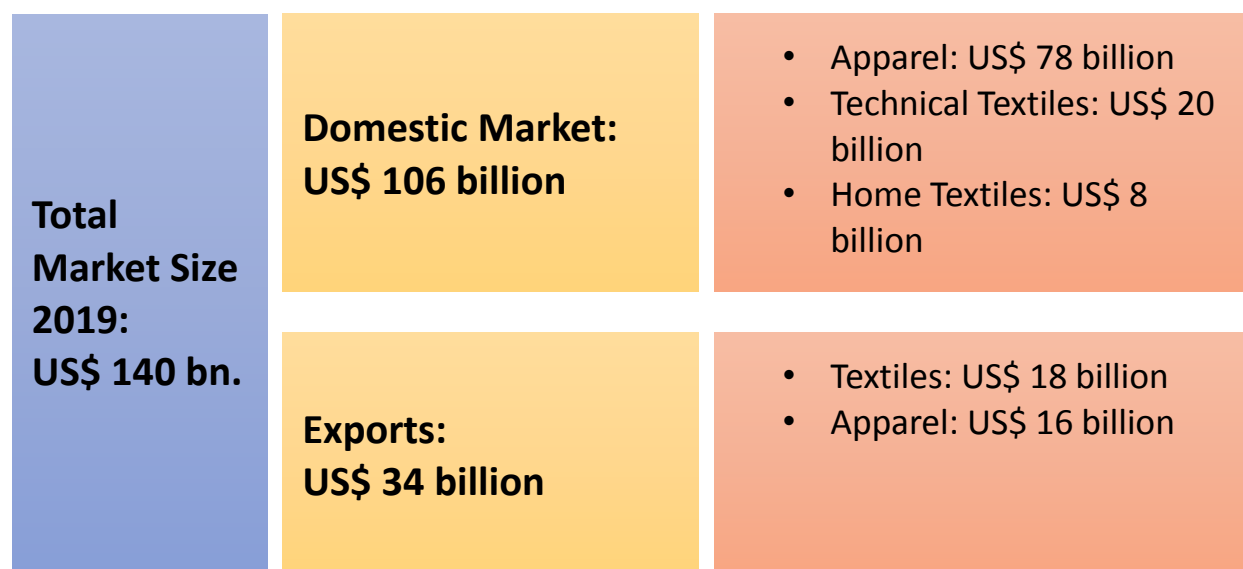
Data Source: UN Comtrade

## 2. Indian Textile & Apparel Industry Overview

The Indian textile and apparel industry plays an instrumental role in the Indian economy and is one of the largest sources of foreign exchange earnings. The domestic textile and apparel industry contributes 2.3% to India's GDP and accounts for 13% of industrial production, and 12% of the country's export earnings. The sector also provides direct employment to 45 million people. Indian textile & apparel industry enjoys an inherent competitive landscape reflected by the abundant availability of all types of raw material, i.e., natural as well as manmade fibres. While countries such as Bangladesh and Vietnam are solely dependent on export markets for sustenance of their sectors, India has a large and growing domestic market to cater to apart from the export market. Another big advantage for textile & apparel manufacturing in India is the abundant availability of employable manpower across the ranks.

Indian Textile and Apparel market is estimated to be US\$ 140 bn in 2019. Domestic market is around US\$106 bn while exports constitutes US\$34 bn. Apparel is the largest segment in domestic market with size of US\$ 78bn. In terms of manufacturing scenario, the Average Index of Industrial Production (IIP) for apparel increased by 5% in FY20 as compared to FY19, while that of textiles showed a marginal decrease of 2%. In FY20, the Wholesale Price Index (WPI) for textiles and apparel registered a decrease of 0.02% and 1%, respectively.

Figure 4: Indian Textile and Apparel Market 2019 (US\$ billion)



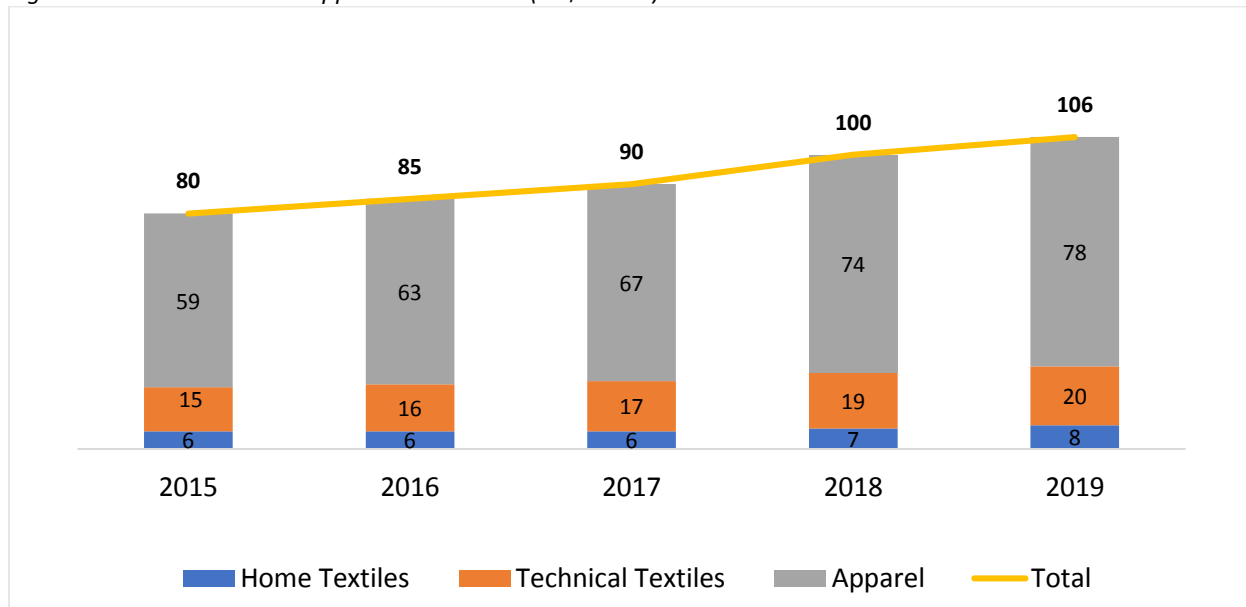
Data Source: Ministry of Textiles, DGCI&S and Wazir Analysis



## 2.1. Domestic Market Overview

Indian domestic textile and apparel market was estimated at US\$ 106 billion in the year 2019, with apparel having a share of 74%. The domestic market has grown over the years at 11% CAGR and is expected to grow despite a slowdown in 2020 due to Covid.

Figure 5. Indian Textile and Apparel Market Size (US\$ billion)



Data Source: Ministry of Textiles and Wazir Advisors

India witnessed the initial cases of the COVID-19 virus in March 2020 and has been heavily impacted since then. The pandemic has moved the country into an economic slowdown wherein the purchasing power of consumers has dipped significantly due to job losses, salary cuts and increased expenditure on other areas such as healthcare and medical facilities. The nation-wide economic lockdown came into effect in March 2020 and has severely affected the consumption of non-essential goods, including apparel. With malls and shopping centres closed and movement restricted, domestic sales have withered. Brands are looking at very low consumer sentiment and a steep decline in consumption in 2020. Sales have taken a downturn by as much as 70% since fears over the virus intensified. Even online purchases – otherwise growing prior to the outbreak - have declined by 15% as consumers cut back on discretionary spending.

The demand for medical protective gear such as masks, disposable gloves and hygiene products such as wipes has jumped drastically. The rapid spread of the disease has sensitized people to hygiene and healthcare and hence, the demand for medical textiles is expected to increase in the future. This is a good future opportunity for the textile industry.

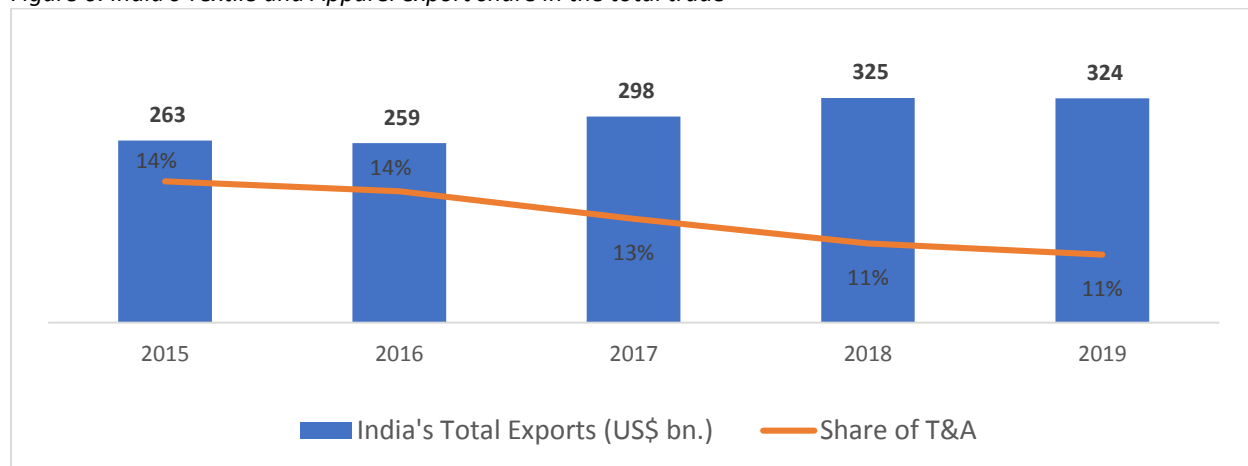
Overall, with growth of disposable income, favorable demographics and changing lifestyle, consumption of textile and apparel is expected to grow in the future, once demand recovers post covid situation.



## 2.2. Indian Exports Scenario

Textile and apparel sector is a major contributor to India's total export earnings. Currently, it contributes to 11% of total export earnings of US\$ 324 billion. The share of the sector in exports has declined from 14% in 2015 to 11% in 2019.

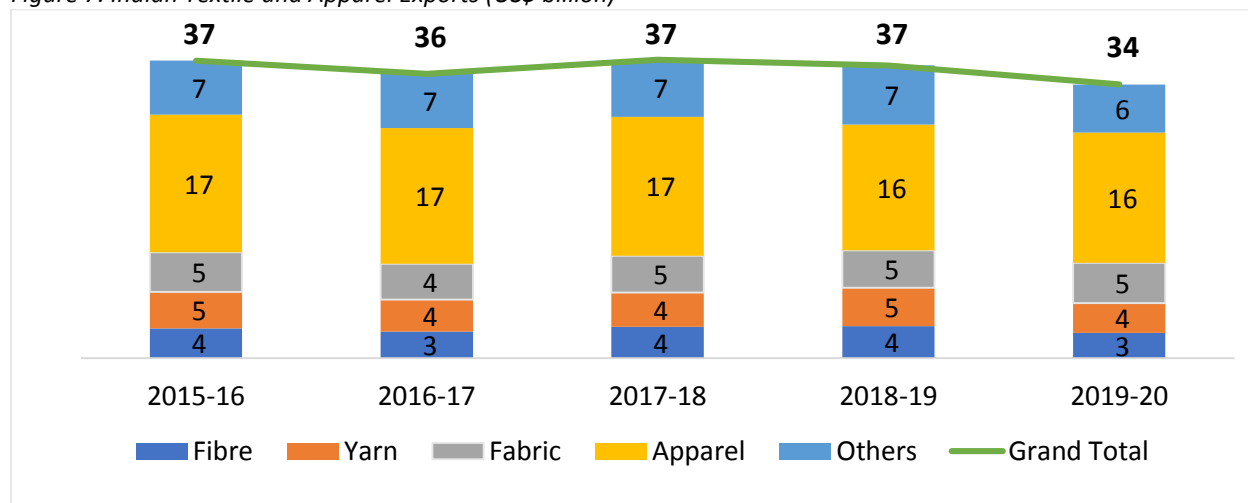
Figure 6. India's Textile and Apparel export share in the total trade



Data Source: DGCI&S

India is a leading exporting country for textile and apparel globally and holds second position with 4% share of global textile & apparel exports. However, India's exports have remained stagnant in the last 5-6 years due to rising competition from countries like Bangladesh, Vietnam etc. The textile & apparel exports in FY20 stood at US\$ 34 billion, declining at a CAGR of 2% since FY16. The exports in FY20 have shown a dip of 9% as compared to the exports in FY19. As compared to FY19, the exports of fibre and yarn have shown a significant decline of 38% and 23%, respectively. On the contrary, exports of fabric showed a growth of 6%.

Figure 7. Indian Textile and Apparel Exports (US\$ billion)



Data Source: DGCI&S

### Indian Exports Scenario in Q1 FY21

The T&A exports have shown a drastic decline of 56% in Q1 FY21 as compared to that in Q1 FY20 owing to the economic lockdown due to covid-19 in major markets around the world. Among the exported categories, filament witnessed the highest dip of 67%, followed by Apparel with a dip of 65%. USA, EU-28 and UAE remain the top export destinations for India's T&A products with a combined share of 56%.

Table 1: Indian T&A exports in Q1 FY21 (Values in US\$ mn.)

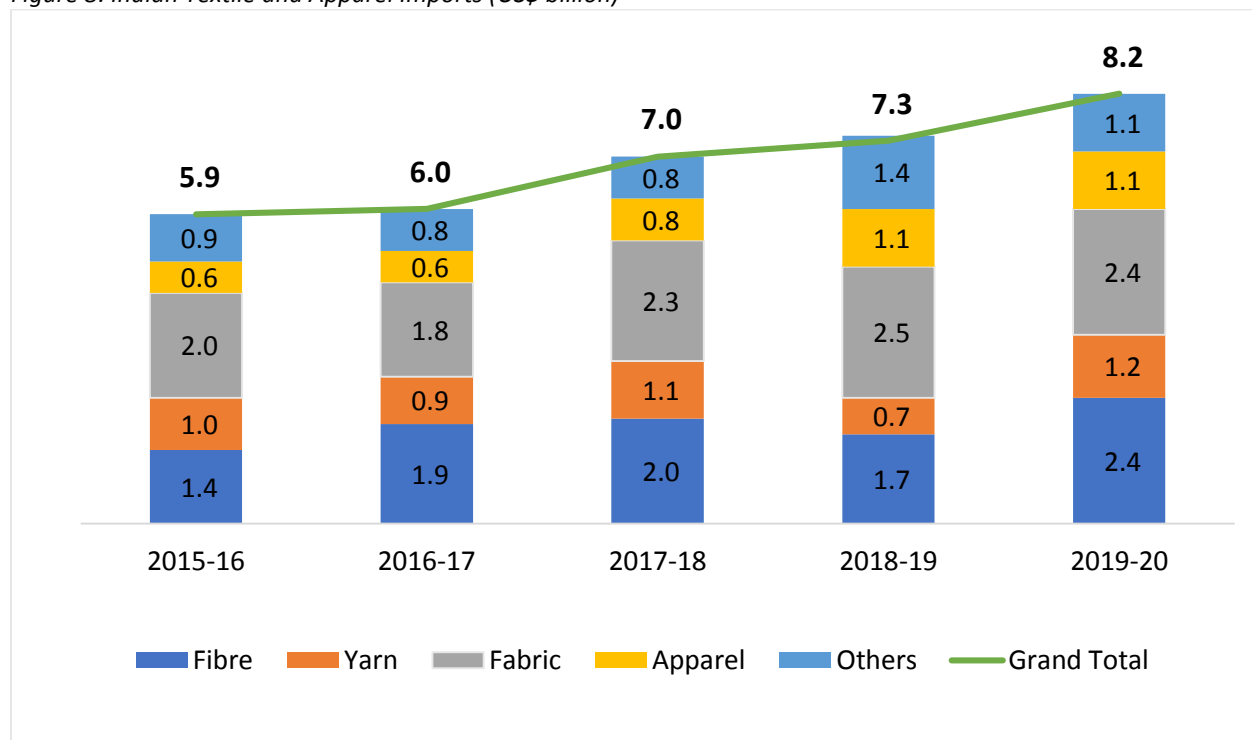
| Category     | FY19          | FY20          | % Change   | Q1 FY20      | Q1 FY21      | % Change    |
|--------------|---------------|---------------|------------|--------------|--------------|-------------|
| Fibre        | 3,028         | 1,892         | -38%       | 382          | 314          | -18%        |
| Filament     | 1,306         | 1,162         | -11%       | 299          | 97           | -67%        |
| Yarn         | 4,770         | 3,501         | -27%       | 886          | 533          | -40%        |
| Fabric       | 4,787         | 5,065         | 6%         | 1,189        | 504          | -58%        |
| Apparel      | 16,156        | 15,509        | -4%        | 4,172        | 1,448        | -65%        |
| Home Textile | 5,453         | 5,272         | -3%        | 1,327        | 714          | -46%        |
| Others       | 1,998         | 1,818         | -9%        | 449          | 245          | -45%        |
| <b>Total</b> | <b>37,498</b> | <b>34,220</b> | <b>-9%</b> | <b>8,704</b> | <b>3,856</b> | <b>-56%</b> |

Data Source: DGCI&S

### 2.3. Indian Imports Scenario

India imports have increased over the years. India's textile & apparel imports stood at US\$ 8.2 billion in FY20, recording a CAGR of 7% since FY16. The imports in FY20 have shown a jump of 10% as compared to FY19. Fibre imports have increased significantly by 40% driven by imports of long staple cotton from countries like US followed by yarn imports that has increased by 7%. A large part of growing is driven by imports from Bangladesh due to duty advantage and China for some specific categories. A significant portion of synthetic fabric and yarns are also imported due to their unavailability in India at same price and quality.

Figure 8: Indian Textile and Apparel Imports (US\$ billion)



Data Source: DGCI&S

## Indian Import scenario in Q1 FY21

The overall T&A imports of Q1 FY21 have reduced to half as compared to Q1 FY20 owing to the economic lockdown due to covid-19 in India. Among the imported categories, Fabric imports witnessed the highest dip of 63% followed by yarn with a dip of 59%, during the same period. On the contrary, imports of 'Others' have increased significantly by 23% in Q1 FY21 as compared to Q1 FY20. The increase is mainly due to the imports of PPE kits and other related products which are classified in 'Others'. As the imports of PPE kits and other related products are majorly from China so, it increased share of China in Indian imports significantly by 10% in Q1 FY21 as compared to Q1 FY20.

Table 2: Indian T&A imports in Q1 FY21 (Values in US\$ mn.)

| Category     | FY19         | FY20         | % Change   | Q1 FY20      | Q1 FY21      | % Change    |
|--------------|--------------|--------------|------------|--------------|--------------|-------------|
| Fibre        | 1,701        | 2,382        | 40%        | 579          | 248          | -57%        |
| Filament     | 718          | 752          | 5%         | 197          | 86           | -56%        |
| Yarn         | 412          | 462          | 12%        | 112          | 46           | -59%        |
| Fabric       | 2,472        | 2,342        | -6%        | 618          | 232          | -63%        |
| Apparel      | 1,106        | 1,144        | 3%         | 232          | 132          | -43%        |
| Home Textile | 285          | 298          | 5%         | 63           | 37           | -40%        |
| Others       | 699          | 796          | 14%        | 185          | 228          | 23%         |
| <b>Total</b> | <b>7,393</b> | <b>8,158</b> | <b>10%</b> | <b>1,985</b> | <b>1,010</b> | <b>-49%</b> |

Data Source: DGCI&S

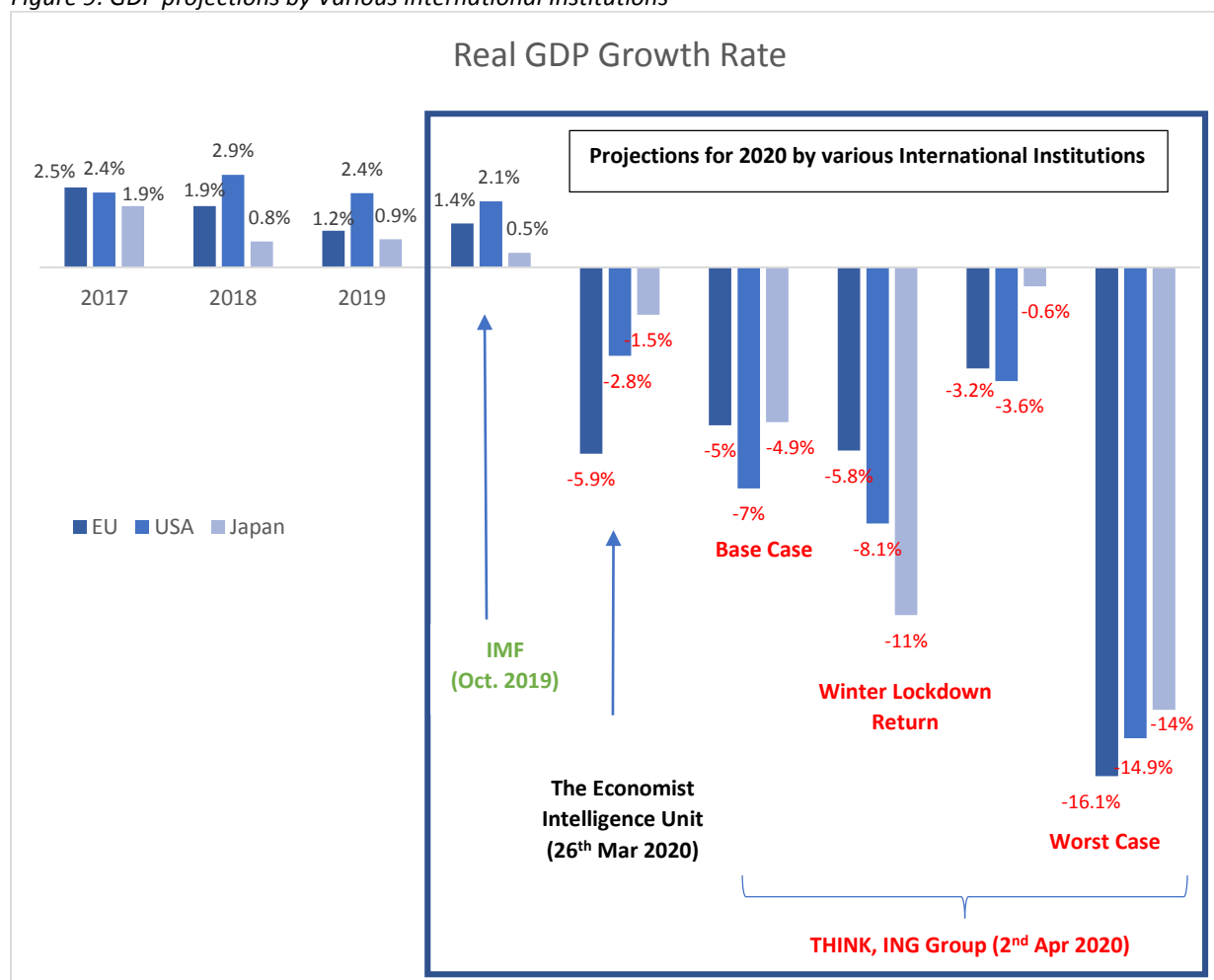
### 3. Impact of Covid-19 on T&A Industry

#### 3.1. Impact of Covid-19 on Global Demand in EU, US and Japan

##### GDP Projection:

The COVID-19 outbreak has forced the major apparel consumption hubs – EU, US and Japan to temporarily close down. This unprecedented move will significantly affect the Textile & Apparel industry and have serious consequences for apparel manufacturers. Most European countries and the US were under lockdown since mid-March and countries started opening up by mid of July. Various international institutions have projected the drop in GDP for US, EU and Japan & other countries. It is projected that US economy is expected to reduce by 3 to 4%, whereas EU's economy will reduce by 5 to 6% and Japan's economy to reduce by 2 to 3%

Figure 9: GDP projections by Various International Institutions

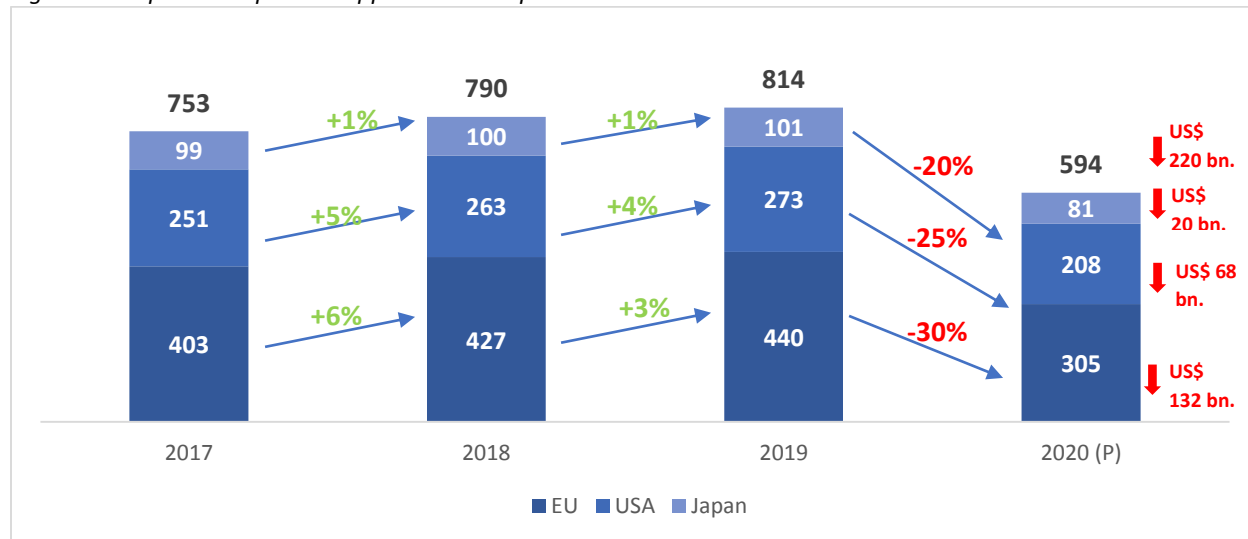


Data Source: International Monetary Fund, October 2019 except stated otherwise

### Expected Impact on Apparel Consumption:

Due to reduced demand driven by the Covid pandemic, overall apparel consumption is expected to decline significantly in 2020. The combined apparel consumption of EU, USA and Japan is expected to reduce by approx. US\$ 220 bn. in 2020. For EU market, the reduction in consumption is approximately 30% which is followed by US market with a reduction of 25%. Japan is expected to show a cutback of 20% of apparel consumption.

Figure 10: Expected Impact on Apparel Consumption

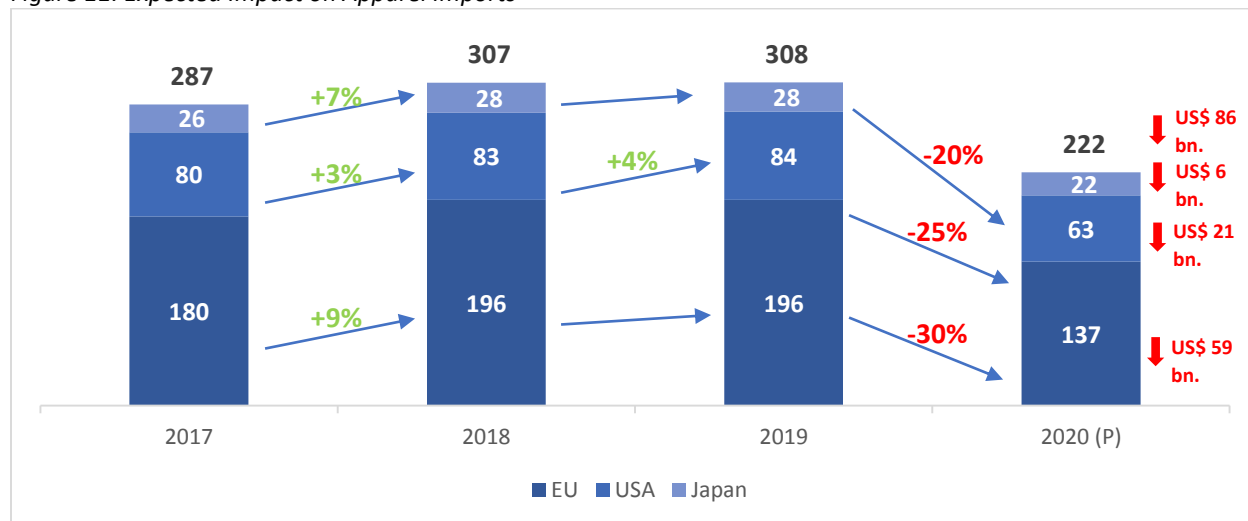


Data Source: US Census Bureau, Eurotex and Wazir Estimates

### Expected Impact on Apparel Imports:

As the consumption in these markets will be reduced, their import is also expected to be reduced. EU is expected to reduce its import by 30%, US is expected to reduce its imports by 25% and Japan is expected to reduce its imports by 20%. The total loss in trade is expected to be around US\$ 86 bn. across the three major markets.

Figure 11: Expected Impact on Apparel Imports

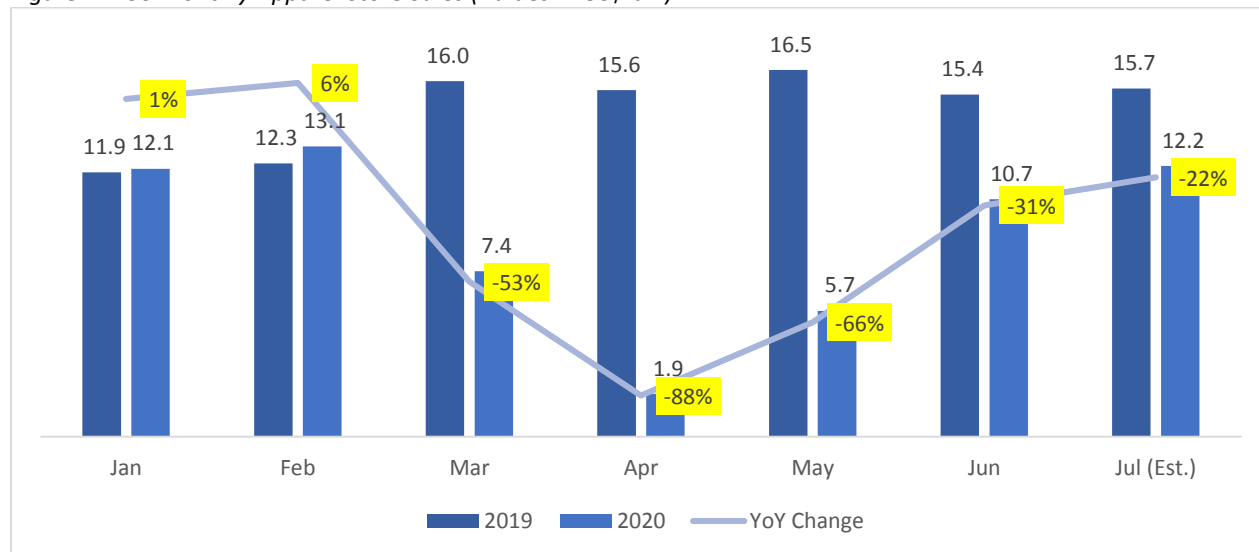


Data Source: US Office of Textile & Apparel, Eurostat and Wazir Estimates

### Monthly Apparel Store Sale during Pandemic in US

In US the monthly apparel store sales have seen a v-shaped recovery in month of May and June after a period of drastic reduction since March and April. The cumulative store sales from Jan to July are down by approx. 40%. Consumption is expected to pick up further in coming months with elections and holidays season towards end of the year.

Figure 12: US Monthly Apparel Store Sales (Values in US\$ bn.)



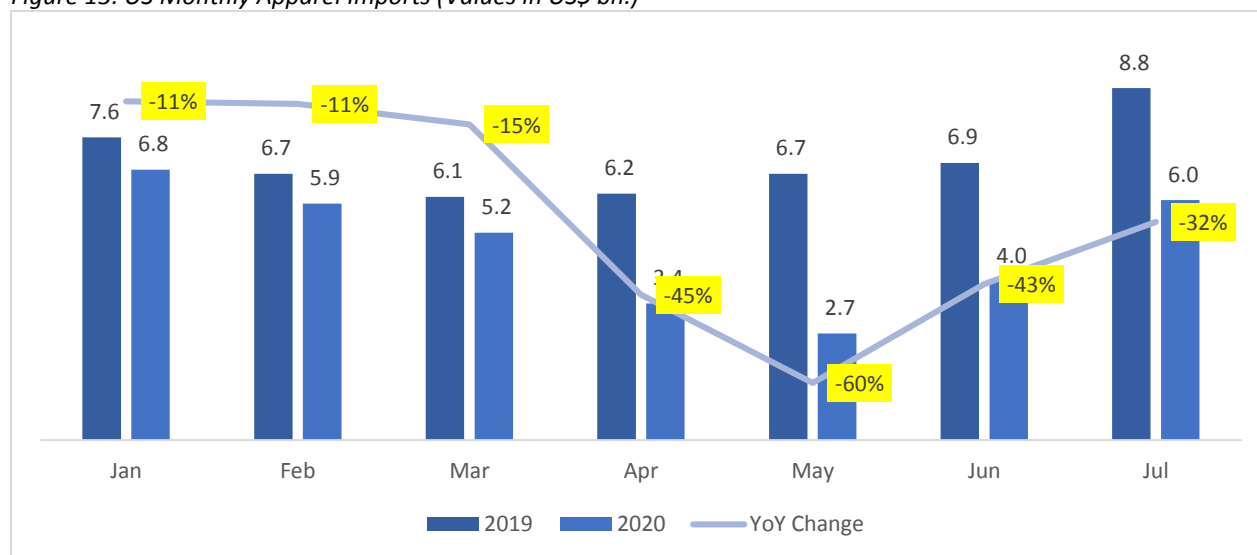
Data Source: US Census Bureau



### Monthly Apparel Import during Pandemic in US

US apparel imports have followed the consumption pattern and are recovering steadily after hitting the lowest in May. From Jan to Jul. the cumulative imports are down by approx. 31%.

Figure 13: US Monthly Apparel Imports (Values in US\$ bn.)



Data Source: US Census Bureau

### Overall Import Scenario of USA and EU in Q1 2021

Imports across all the segment has greatly reduced in Q1 FY21 for both EU and USA. But due to the Covid-situation huge quantities of PPE kits and other related materials have also been imported. In USA imports of PPE and other related products increased remarkably from just US\$ 1.44 bn. in Q1 FY20 to US\$ 9.15 bn. in Q1 FY21. In case of EU also the PPE products have shown tremendous growth of US\$ 15.5 bn. in Q1 FY21 from just US\$ 0.7 bn. in Q1 FY20. Both have imported their PPE products majorly from China. In USA, 88% of all PPE products have been sourced from China where as in case of EU, 93% of all PPE products has been sourced from China, in Q1 FY21.

Table 3: Overall imports of USA and EU in Q1 FY21

| Category                | USA          |              |                 | EU           |              |                 |
|-------------------------|--------------|--------------|-----------------|--------------|--------------|-----------------|
|                         | Q1 FY20      | Q1 FY21      | Share % Q1 FY21 | Q1 FY20      | Q1 FY21      | Share % Q1 FY21 |
| Textile                 | 3.9          | 3            | 11%             | 5.9          | 3.8          | 11%             |
| Apparel                 | 20.6         | 12.2         | 40%             | 21.1         | 12.6         | 33%             |
| Home Textile and Others | 2.77         | 1.87         | 7%              | 2.36         | 1.41         | 4%              |
| <b>Coveralls</b>        | <b>.26</b>   | <b>1.8</b>   | <b>7%</b>       | <b>.16</b>   | <b>1.5</b>   | <b>5%</b>       |
| <b>Masks</b>            | <b>1.2</b>   | <b>9.15</b>  | <b>35%</b>      | <b>0.7</b>   | <b>15.4</b>  | <b>46%</b>      |
| <b>Total</b>            | <b>28.71</b> | <b>26.22</b> |                 | <b>30.06</b> | <b>33.31</b> |                 |

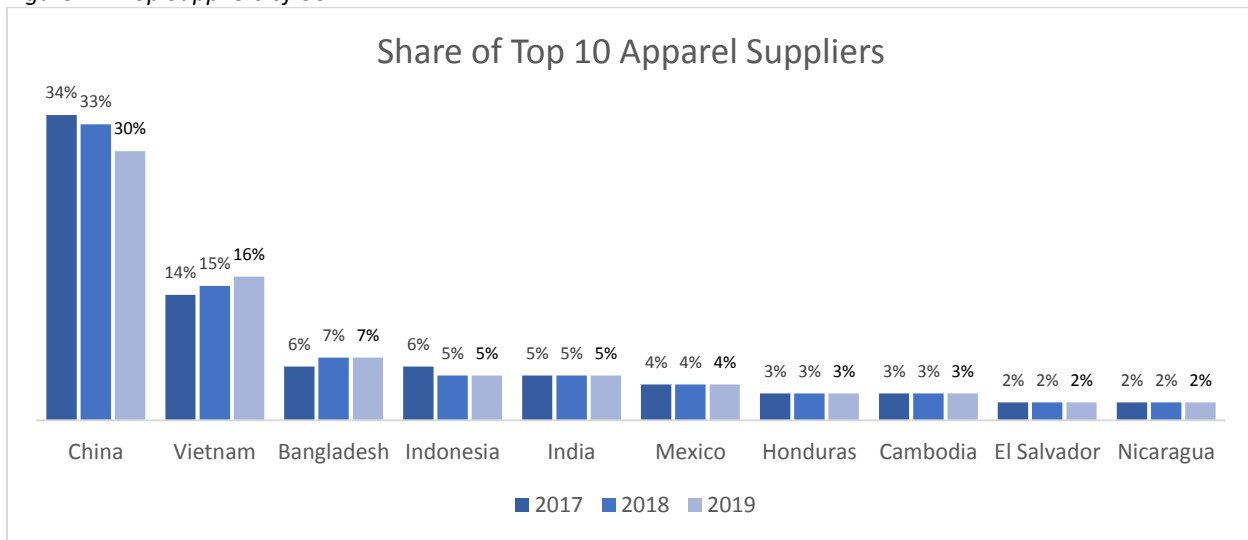
Data Source: OTEXA and UN Comtrade

## Apparel Imports Scenario before Pandemic:

### USA

As per the last 3 years' data, import from China in US has reduced from 34% to 30%, while countries like Vietnam and Bangladesh have been raising their share steadily. However, India has remained at 5% share for the US market.

Figure 14: Top Suppliers of USA

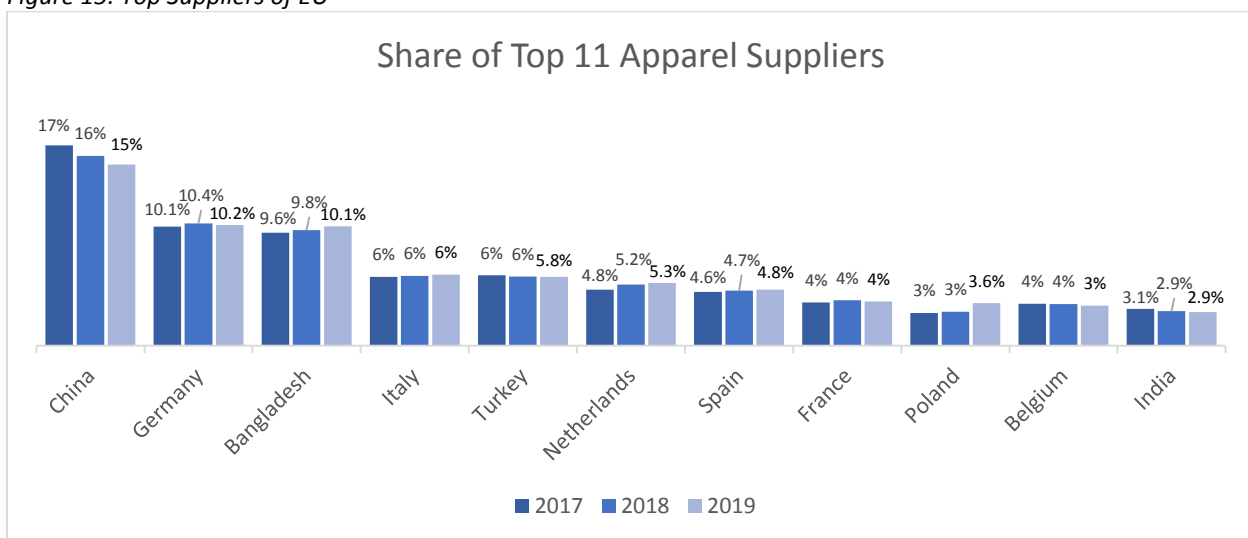


Data Source: US Office of Textile and Apparel

### European Union:

As per the last 3 years' data, Import from China in EU has reduced from 17% to 15%. The gap has mainly been filled by Bangladesh, the Netherlands and Poland.

Figure 15: Top Suppliers of EU

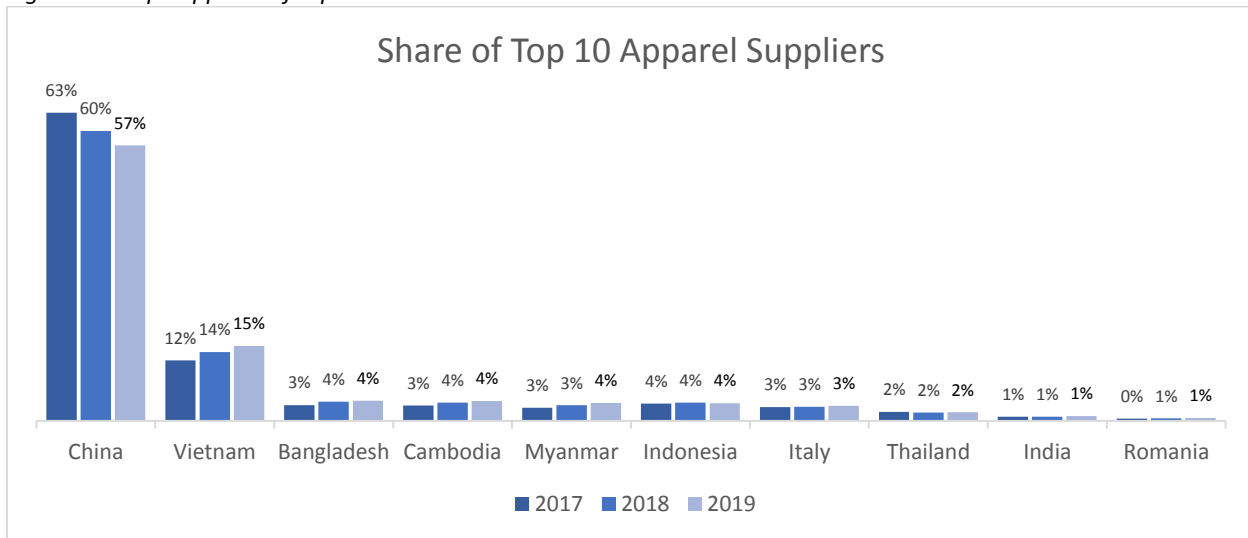


Data Source: Eurostat

## Japan:

As per the last 3 years' data, China's share has reduced from 63% to 57% in last 3 years. The gap has mainly been filled by Vietnam, Bangladesh, Cambodia and Myanmar. Shares of other suppliers has remained almost the same.

Figure 16: Top Suppliers of Japan



Data Source: Japan Customs

---

### 3.2. Impact of Covid-19 outbreak on Indian Textile and Apparel Industry

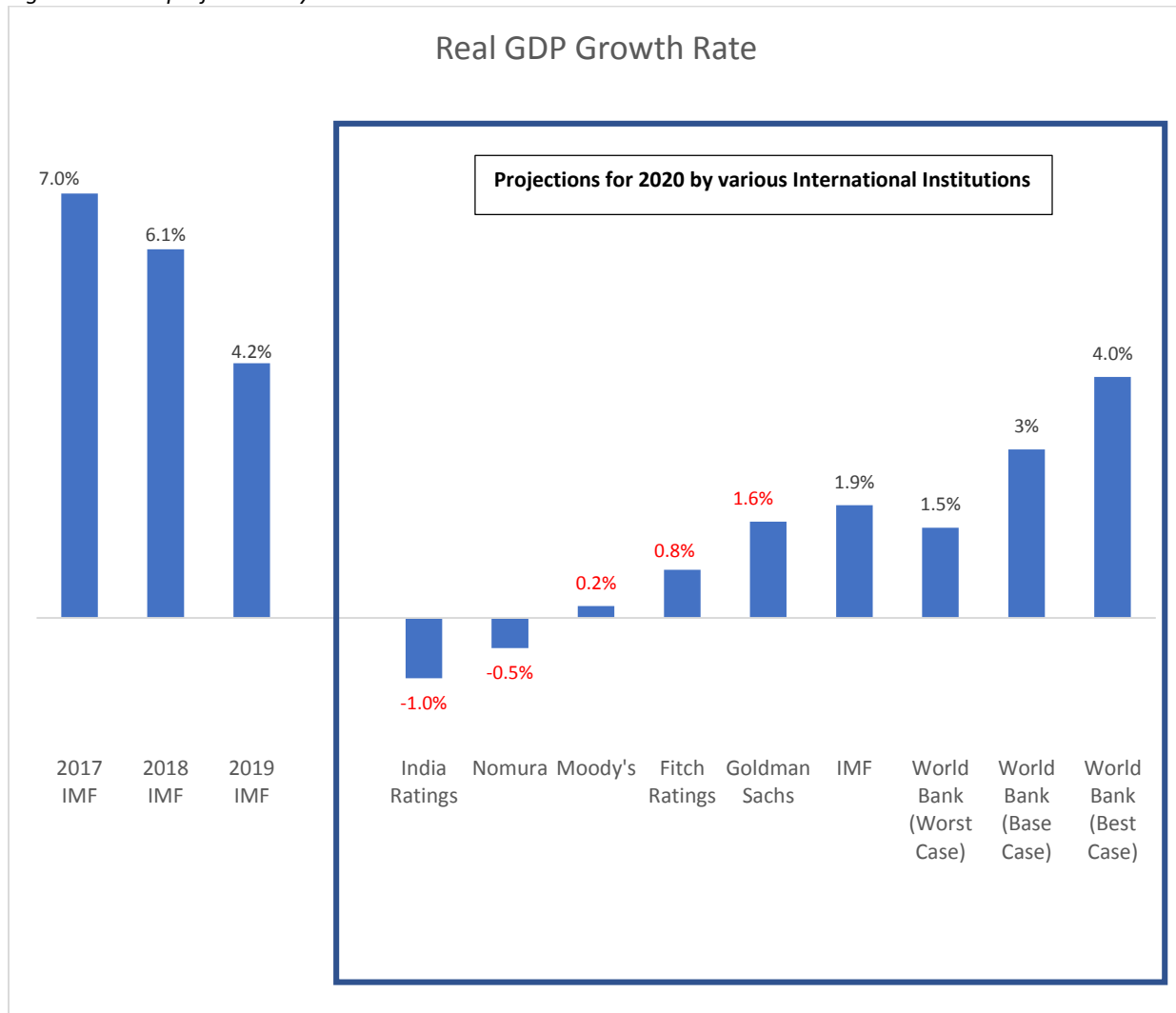
The coronavirus outbreak has affected the textile & apparel industry globally as well as in India. Although the exports markets are seeing recovery as countries have opened up and demand is picking up. However, due to lockdown and continuous spread of the virus in India, domestic demand is still low and companies are facing issues in domestic sales.

On the positive side sales of medical protective gears including surgical masks and protective clothing has jumped drastically since the pandemic started. Indian companies have also ramped up their PPE capacities quickly and has now created sufficient capacity for domestic consumptions and can produce more than 4.5 PPE suits a day. However, this is a temporary demand upsurge and going forward industry has to reassess the capacities and competencies created and look at a sustained supply for export market demand once the pandemic settles.

#### **Fall in Economy:**

With a view to contain the spread of Covid-19, restrictions were imposed on most of the economy generating activities that greatly affected the overall economy of India. After slowing down in last few years, the Indian economy was finally expected to recover in the last quarter of FY20. However, the coronavirus pandemic has made the recovery extremely difficult in the near to medium term. Various international organisations such as IMF, Goldman Sachs, World Bank etc. projected a fall of 2 to 3% in overall economy. The World Bank prepared a set of worst and Best case scenario where it showed that in Best case the Economy of India will be at 4% where as in Worst case the economy will be at just 1.5%.

Figure 17: GDP projections by Various International Institutions

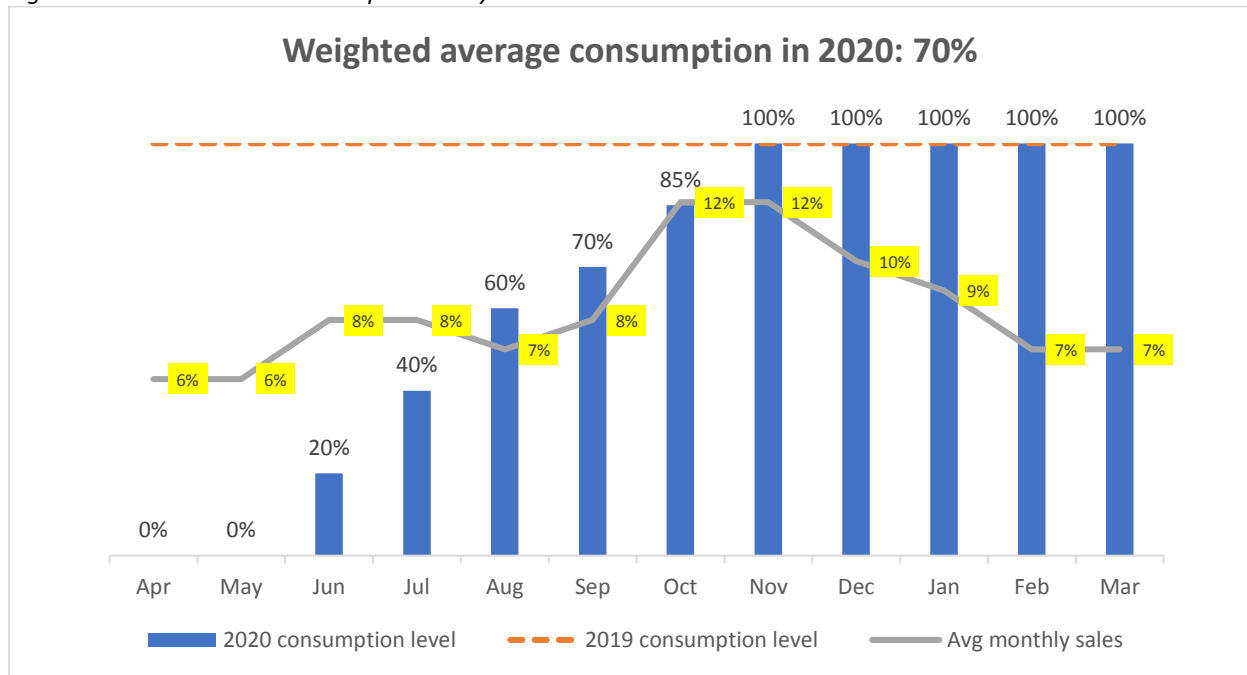


Data Source: International Monetary Fund, October 2019 except stated otherwise

### Expected Reduction in Indian Market:

Because of the lockdown implemented across India to counter Covid-19 attack, the market activities also came to a halt due to which it is expected that approximately 30% of the market will reduce as compare to previous year's market. The Consumption started to gain pace from June 2020 onwards and is expected to recover and match up with previous year's level by November 2020.

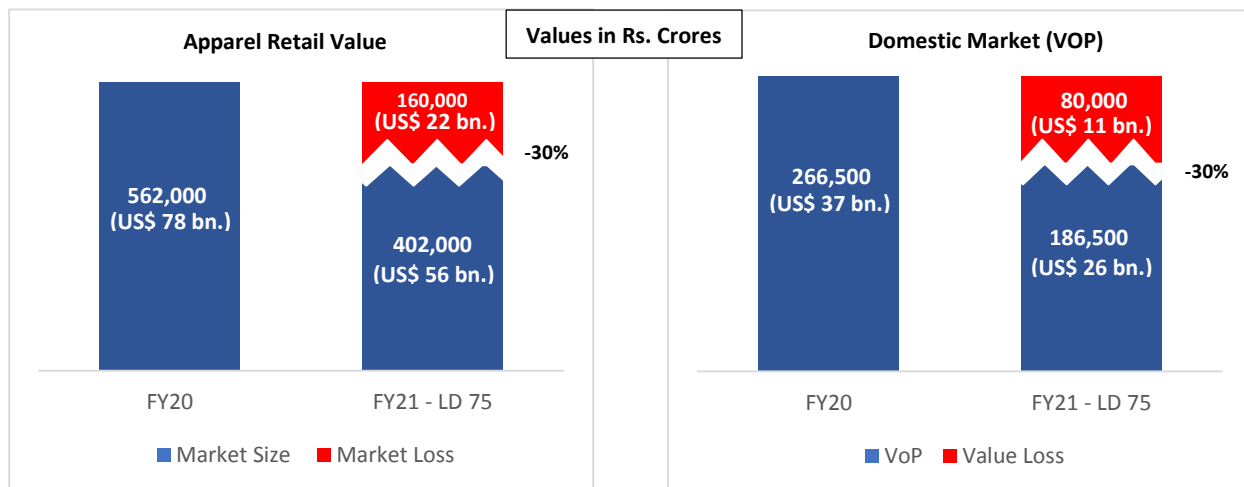
Figure 18: Indian Market Consumption Analysis



### Estimated Reduction in Apparel Retail and Value of Production

Apparel retail value is estimated to reduce by US\$ 22 bn. and stood at approximately US\$ 56 bn. in FY21 as compared to US\$ 78 bn. in FY20. Whereas the value of production is expected to reduce by US\$ 11 bn. in FY21 and stood at US\$ 26 bn. as compared to US\$ 37 bn. in FY20.

Figure 19: Estimated Value of Apparel Retail and Production



### Estimated Pace of Recovery:

Season wise it is expected that Apparel products will have high recovery during Q3 (Oct-Nov-Dec) period as lockdown will be lifting up but also due to the second wave of Covid-19 there are chances that during Q4(Jan-Feb-Mar) the demand will again reduce for Apparel products. It is also important to note that although the demand will increase in Q3, but it will be different across different categories. It is estimated that products like casual wear, ethnic wear and kidswear will have a higher pace of recovery whereas the recovery for formal and party wear will be very low.

**Pace of recovery of various apparel categories**





## 4. Rebooting Textile and Apparel Sector – The Way Forward

Covid-19 has given the textile and apparel industry a major setback. To recover from this crisis businesses are in need of not only a reboot plan, but also need to redefine themselves to emerge as a business that is stronger and far more sustainable than before the crisis. During this contagion, it is of utmost importance for businesses to conduct a proper assessment and identify areas that need improvement. The following are the key parameters that should be focused by the textile & apparel industry to emerge from this pandemic:

### 4.1. Technology Development

Technological development is the most effective instrument for growth and change. Presently, the world is going through a major change and therefore, adapting new technologies has become crucial more than ever. Technological advancement makes manufacturing more precise, cost competitive and sustainable. Organizations should emphasize on process automation, which will have benefits such as higher production, shorter lead times, less inventories and most importantly, reduced costs.

Recently the industry has also entered a new era, popularly referred to as the “Fourth Industrial Revolution” or “Industry 4.0”. **Textile 4.0** is an interpretation of the fourth Industrial Revolution across the textile supply chain. The future of the textile manufacturing industry lies with big data analytics, robots, automation, and internet of things. The industry foresees the age of ‘smart factory’, where cyber-physical systems monitor the production process from start to finish and make their own decentralized decisions. Cognitive manufacturing will enable manufacturers to forecast demand, carry out predictive maintenance, estimate problems that might occur and trigger solutions to those problems without any human interference. Businesses in the textile & apparel manufacturing industry should work on using the principles of Industry 4.0 to fight the global crisis.

Another important aspect to focus on in order to break through this global pandemic is to achieve manufacturing excellence. Attaining manufacturing excellence is the ultimate key to achieving cost competitiveness in textile and apparel industry. Manufacturing excellence is a process where all parameters of production are optimized to maximize production levels, quality and profit. The key components of Manufacturing Excellence include:

- **Operational Excellence:** The constituents of Operational Excellence include streamlining

Figure 20: Key Parameters of Manufacturing Excellence



manufacturing operations, quality & process improvement, capacity improvement, and information systems for operations & control.

- **Manpower:** The shortage of talent calls for recruitment of right people and further retaining the talent to achieve maximum benefit.
- **Market Intelligence:** Since every market is different, it is important for companies to develop a strong understanding of each market and how their product will fit to improve their chances of success.
- **Continual Improvement:** Creating and embracing continuous improvement of people, processes and product leads to achievement of excellence Continuous improvement is all about leading by doing and empowering employees to make continuous improvement.

Textile & apparel manufacturers need to focus on productivity improvement and research and product development. Competition has increased the demand for high value and low price product, driving strong need for productivity enhancement. Improving productivity will enable manufacturers to gain competitive advantage over global manufacturers. Bringing new ideas into action is of importance as it can lead to finding new manufacturing methods to improve productivity, producing better quality and designs and streamlining the entire process flow.

#### 4.2. Supplier Development

Covid-19 has forced companies to find unconventional ways to compete and seek alternatives that would ensure their business's longevity and competitiveness. The distinctive features of this new scenario are dynamism and uncertainty of markets. In order to reduce cost and enhance speed and flexibility, firms need to decentralize some activities, placing the responsibility for implementing secondary functions on third parties as suppliers, while the companies specialize in capabilities that effectively generate value for their business. Manufacturers need to professionalize and modernize their plants and employ outsourcing strategies.

Suppliers (MSME's) on the other hand should also look out to establish partnerships with large corporates in order to grow their business and develop new skills that are essentially needed in today's scenario. Partnership with MSMEs can be considered as a compatible strategy since it allows quick reaction to the constant variations in demand.

There is a need to create technology based linkages between buyers and MSMEs that will enable businesses to quickly react to dynamic changes. Partnerships with large companies should pay close attention to sharing technical know-how and manufacturing practices. By doing so, the MSMEs will eventually become an extended arm of the main company and both would benefit greatly from this effort.

Now in times of pandemic, government support has become even more crucial to ensure survival of the MSMEs. Technology upgradation, Market promotion, Infrastructure development, Entrepreneur and Skill development are some of the major schemes that have been in action to

develop the MSMEs of India. By extending greater support to the MSMEs, one can guarantee access to better opportunities and benchmarks.

### 4.3. Tapping New Product Opportunities

Businesses need to focus on products that are coherent to the current trends. Every type of business needs to be innovative and explore new product opportunities to remain relevant in the global arena. India should aim to strengthen its position in new product categories such as technical textiles, medical textiles and synthetic textiles.

#### Technical Textiles

Technical textile in India is worth US\$20 bn and is a growing sector that supports a vast array of industries. The demand for a variety of these products has increased as a result of their rising base of applications in end-use industries such as automotive, construction, healthcare, protective clothing, agriculture, sports, etc. In the Indian scenario, technical textile is one of the fastest growing segments of the textile industry, registering a double-digit growth year on year. India is poised for growth in the technical textile consumption along with the country's overall economic growth and leap towards modernization. In addition, the country's manufacturing competitiveness makes it a preferable production base. With the appropriate measures, the industry has the potential to tap into the huge domestic and global market.

#### Medical Textiles

Although Medical Textiles is a part of Technical Textile, it has become very important to discuss this category as a separate entity because of the current pandemic. The Covid-19 crisis has created awareness among consumers for the necessity of health care products and hence, the demand for medical protective gear and hygiene products has increased significantly. This demand for products such as masks, wipes, gloves, etc. is expected to surge and sustain even after the end of the coronavirus pandemic. This is a lucrative opportunity for the textile industry in the near future.

#### MMF Textiles

Global textile and apparel industry is going through a drastic shift from cotton to synthetic. There are a number of reasons behind this trend - demand-supply gap in cotton, lack of versatility in design and application. The global cotton supply is not showing promising growth, while global share of polyester is projected to increase and be approximately three times that of cotton by 2030.

Apart from polyester, other man-made fibres such as recycled nylon, lyocell and viscose are also gaining importance. India's synthetic textile manufacturing is largely focused towards

low-value added and commodity products. However, the demand for value added synthetic fabrics is growing worldwide. Countries like China, Taiwan and Korea are already into manufacturing of high end MMF based textiles. To keep up with the current needs, Indian companies need to invest and develop capabilities in MMF textile & apparel products to tap the value added segment.

Moreover, growing demand of the Synthetic textiles and its future growth projections makes it the key to become self-reliant (Atma-nirbhra) in textile industry. Here are the top MMF commodities and India's share in them.

*Table 4: India's Share in Major MMF commodities (Values in US\$ mn.)*

| HS Code | Description   | Global Data | India's Exports | India's Share |
|---------|---|-------------|-----------------|---------------|
| 611030  | Knitted Pullovers of man-made fibres                          | 26,817      | 72              | 0.3%          |
| 621210  | Brassieres  | 11,468      | 107             | 0.9%          |
| 620293  | Women's & girls anoraks etc. of manmade fibres, woven         | 10,426      | 2               | <0.1%         |
| 620193  | Men's & boys anoraks etc. of manmade fibres, woven            | 10,316      | 5               | <0.1%         |
| 620343  | Men's & boys' trousers & shorts of synthetic fibres, woven    | 7,932       | 89              | 1.1%          |
| 610463  | Women's & girls' trousers & shorts of synthetic fibres, knits | 7,830       | 18              | 0.2%          |

*Data Source: UN Comtrade*

#### 4.4. Incorporating Process and Product Sustainability

Incorporating sustainability in the supply chain is becoming a priority for many textile & apparel companies. Today, eco-brands and green clothing have become a common thing and are found in most retail stores. Consumer awareness regarding sustainable clothing has grown considerably and therefore, more number of companies are joining the sustainability campaign and manufacturing sustainable textiles.

In terms of products, brands are increasing the share of ecofriendly fibres such as Tencel, Modal, recycled polyester, etc. to be a part of the responsible fashion campaign. Brands are also interested in gauging the sustainable practices of their suppliers and manufacturers. With sustainable manufacturing techniques such as waterless dyeing, recycled textiles, zero discharge, etc., manufacturers are gaining an edge and becoming the preferred vendors for premium fashion brands.

Going forward sustainability will become an important parameter on which sourcing decisions are made and Indian companies need to gear up and adopt sustainability in the business to become preferred suppliers for future.



Confederation of Indian Industry  
125 Years - Since 1895

The Confederation of Indian Industry (CII) works to create and sustain an environment conducive to the development of India, partnering industry, Government, and civil society, through advisory and consultative processes.

For 125 years, CII has been working on shaping India's development journey and, this year, more than ever before, it will continue to proactively transform Indian industry's engagement in national development.

CII is a non-government, not-for-profit, industry-led and industry-managed organization, with about 9100 members from the private as well as public sectors, including SMEs and MNCs, and an indirect membership of over 300,000 enterprises from 288 national and regional sectoral industry bodies.

CII charts change by working closely with Government on policy issues, interfacing with thought leaders, and enhancing efficiency, competitiveness and business opportunities for industry through a range of specialized services and strategic global linkages. It also provides a platform for consensus-building and networking on key issues.

Extending its agenda beyond business, CII assists industry to identify and execute corporate citizenship programmes. Partnerships with civil society organizations carry forward corporate initiatives for integrated and inclusive development across diverse domains including affirmative action, livelihoods, diversity management, skill development, empowerment of women, and sustainable development, to name a few.

With the Theme for 2020-21 as Building India for a New World: Lives, Livelihood, Growth, CII will work with Government and industry to bring back growth to the economy and mitigate the enormous human cost of the pandemic by protecting jobs and livelihoods.

With 68 offices, including 10 Centres of Excellence, in India, and 9 overseas offices in Australia, China, Egypt, Germany, Indonesia, Singapore, UAE, UK, and USA, as well as institutional partnerships with 394 counterpart organizations in 133 countries, CII serves as a reference point for Indian industry and the international business community.



Centre of Excellence  
for Competitiveness for SMEs

Established in 2004, today Chandigarh based CII- Centre of Excellence for Competitiveness for SMEs is a single point of reference for meeting the needs of small and medium enterprises for enhancing SME competitiveness. With a pan India approach, the Centre plays role of a guide and mentor for SMEs by its 'Cluster Approach', which enables SMEs to learn through sharing of knowledge with other Cluster companies. Best Practices and a detailed road map for enhancing productivity and efficiency of Cluster companies is charted and implemented by the seasoned counselors of the Centre. The Centre works exclusively to enhance the competitiveness of MSMEs, through interventions in areas such as Manufacturing Excellence, Energy Efficiency, Cost Management, Total Employee Involvement, Corrosion Management etc. Our Pro-active International Engagements ensure that we are in tune with the cutting edge of global Competitiveness in order to transmit the same to the Indian SMEs. More than 220. Training programmes have been held in the last 3 years, benefitting more than 3500 delegates.

Services Offered: Service delivery is through a coordinated and participative approach. The Centre works closely with industry via training, counseling, sharing best practices, study missions through class room learning and shop floor approach. The major services offered by Centre are:

- Manufacturing Excellence
- Human Resource Management
- Energy Audits and Management
- Corrosion Management.



# **wazir** ADVISORS

Wazir Advisors is a management consulting firm with a special focus on textile value chain assisting clients in strategy formulation and implementation, forming alliances and joint ventures, investments, market understanding, sector analysis and due diligence – thereby providing end to end solution spanning the complete business cycle in textile sector.

Having worked with leading national and international companies, public sector organizations, Government departments, development agencies, trade bodies etc., Wazir has a deep understanding of business dynamics and right connect with people in the sector.

Wazir's team of sector experts possess experience across functions – projects, operations, sourcing and marketing. The team members have worked on strategy and implementation assignments in all major textile and apparel manufacturing and consumption bases across the globe.

Wazir leverages its body of knowledge, contacts and combined expertise of its team to deliver value to the clients. Wazir offer services in following area:

| Scope of Our Operations  |   |   |
|--|---|---|
| Strategy   | Implementation  | Alliances   |
| <p>Wazir delivers practical, implementable strategies for clients to meet their objectives.</p> <p>Be it corporate strategy intending to enhance profitability or sector growth strategy to support MSMEs or evaluating Government scheme to access its impact, we are geared to advise our clients efficiently and effectively. Our services include:</p> <ul style="list-style-type: none"> <li>• Sector Mapping and Growth Strategy</li> <li>• Policy Formulation Support</li> <li>• Government Scheme Evaluation</li> <li>• Corporate Strategy</li> <li>• Market Opportunity Assessment</li> <li>• Market Entry Strategy</li> <li>• Location Analysis</li> <li>• Business Performance Enhancement</li> <li>• Product Diversification</li> <li>• Marketing and Distribution Strategy</li> </ul> | <p>Wazir provides implementation services to textile and apparel sector entities to convert the plans into reality. Whether it is to manage a Government scheme or to improve productivity in apparel factories or to identify the most suitable technology; we have in-house competence to cover all the critical elements of implementation. Our services are:</p> <ul style="list-style-type: none"> <li>• Project Management and Monitoring</li> <li>• Re-modeling of Manufacturing Plant</li> <li>• Process Re-engineering</li> <li>• Productivity Improvement</li> <li>• Supply Chain Optimization</li> <li>• Feasibility and Techno-Economic Viability (TEV) Study</li> <li>• Investment Promotion</li> <li>• Cluster and Industrial Park Development</li> </ul> | <p>Partnerships and collaborations are ways to achieve accelerated growth, expand market reach and attain technical advancement. Realizing the importance and need of inter-organization alliances in textile and apparel sector, Wazir has developed broad range of services to support companies and organizations looking for inorganic growth globally. Our services include:</p> <ul style="list-style-type: none"> <li>• Company Due-diligence</li> <li>• Joint Venture</li> <li>• Marketing Tie-up</li> <li>• Technology Transfer</li> <li>• M&amp;A Execution</li> <li>• Strategic and Financial Funding</li> </ul> |





Centre of Excellence  
for Competitiveness for SMEs



Confederation of Indian Industry  
125 Years - Since 1895

**CII- Centre of Excellence for Competitiveness for SMEs**

**Confederation of Indian Industry**

Block - 3, Sector - 31/A, Chandigarh - 160030

Phone-91-172-2607228, 2605868

Email: [ciicfc@cii.in](mailto:ciicfc@cii.in) | Website: [www.cii-competitiveness.in](http://www.cii-competitiveness.in) , [www.cii.in](http://www.cii.in)