

“Investment, Challenges and Opportunities for the Textile Machinery Sector”

“INDUSTRY ISSUES & CHALLENGES”

by

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AN OVERVIEW INDIAN TEXTILE INDUSTRY



- Very critical to the Indian economy as it contributes
 - 4% to India's GDP
 - 14% to India's industrial production
 - 17% to India's export earnings
- 2nd largest employer after agriculture, employing 35 million people
- India's textile & apparel industry (domestic + exports) expected to grow from US\$ 70 bn to US\$ 220 bn by 2020
- Therefore, nurturing a vibrant Indian textile industry calls for a strong Indian textile engineering industry (TEI)
- To provide a state-of-the art textile engineering solutions, to meet the true growth potential of the Indian textile industry

COMPARISON WITH CHINA



Parameters	Chinese Textile Industry	Indian Textile Industry
Installed Spindleage	105 million (up to 2008-09)	38 million (32 million working)
Shuttleless Looms	6.00 lac	1.10 lac
Total textile production	Above US\$ 600.00 bn	Approx. US\$ 62.00 bn
Export	US\$ 147 bn	US\$ 22.00 bn
Textile Machinery Production by Industry	Rs. 496.8 bn (in 2007-08)	Rs. 63.0 bn (2007-08)
Import of 2nd Hand Machinery	Prohibited, only JVs with local manufacturers or own set up	Freely permitted
Technology Level of produced textile machines	Entire range of High Tech Machineries are produced	Very Strong in Ginning & Spinning Machineries

TEI - VISION



- A strong TEI that can grow, compete and export
- Provide strong support to the Indian textile industry, to make it vibrant and competitive
- Acquire technological strength in all sectors, as we already have in spinning through FDI and R & D
- Meet 70-75% of the demand of Indian textile industry for high tech machinery, from the current position of 45-50%
- Capacity scale-up commensurate with increased demand
- India to become a manufacturing hub for textile machinery, parts/ components and accessories, contributing further to employment generation & GDP

TEI – AN OVERVIEW



- **The TEI in India is one of the five key engineering sectors**
 - Consists of more than 1400 units, with a total investment of Rs.7,800 crore*
 - More than 80% of the units are SMEs*
 - Capacity is Rs. 9100 crore*
 - Provides direct/indirect employment to > 250,000 people*
- TEI contributes greatly to the competitiveness of the Indian Textile Industry (TI)
 - Meets 45-50% of the demand of the Indian textile industry*

* (Source: Textiles Committee Survey & TMMA)

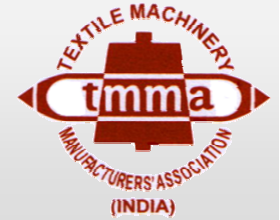
TEI – TECHNOLOGICAL CAPACITY



- **Ginning & Spinning:** In general, at par with international standard. Foreign manufacturers have their presence in India
 - Capacity- Ginning - Adequate and there are exports
 - Spinning- Meets over 75% of the requirement
 - Items not manufactured - Auto Coner with auto feed and auto doff & high speed rotor spinning machine
- **Weaving Preparatory:** At par with international standard. Enough capacity and production
- **Weaving (Shuttleless Looms)** - Old technology Rapier looms (Crank Beat-up)
 - New technology Air jet & Waterjet Looms (not tested commercially well)
 - New technology Rapier looms (not tested commercially)
- **Synthetic Machineries:** All kinds of synthetic machines are produced such as Draw Texturising, TFO Twister, H.S. Winder etc. except fibre/filament manufacturing chemical plant

CONTD...

TEI – TECHNOLOGICAL CAPACITY

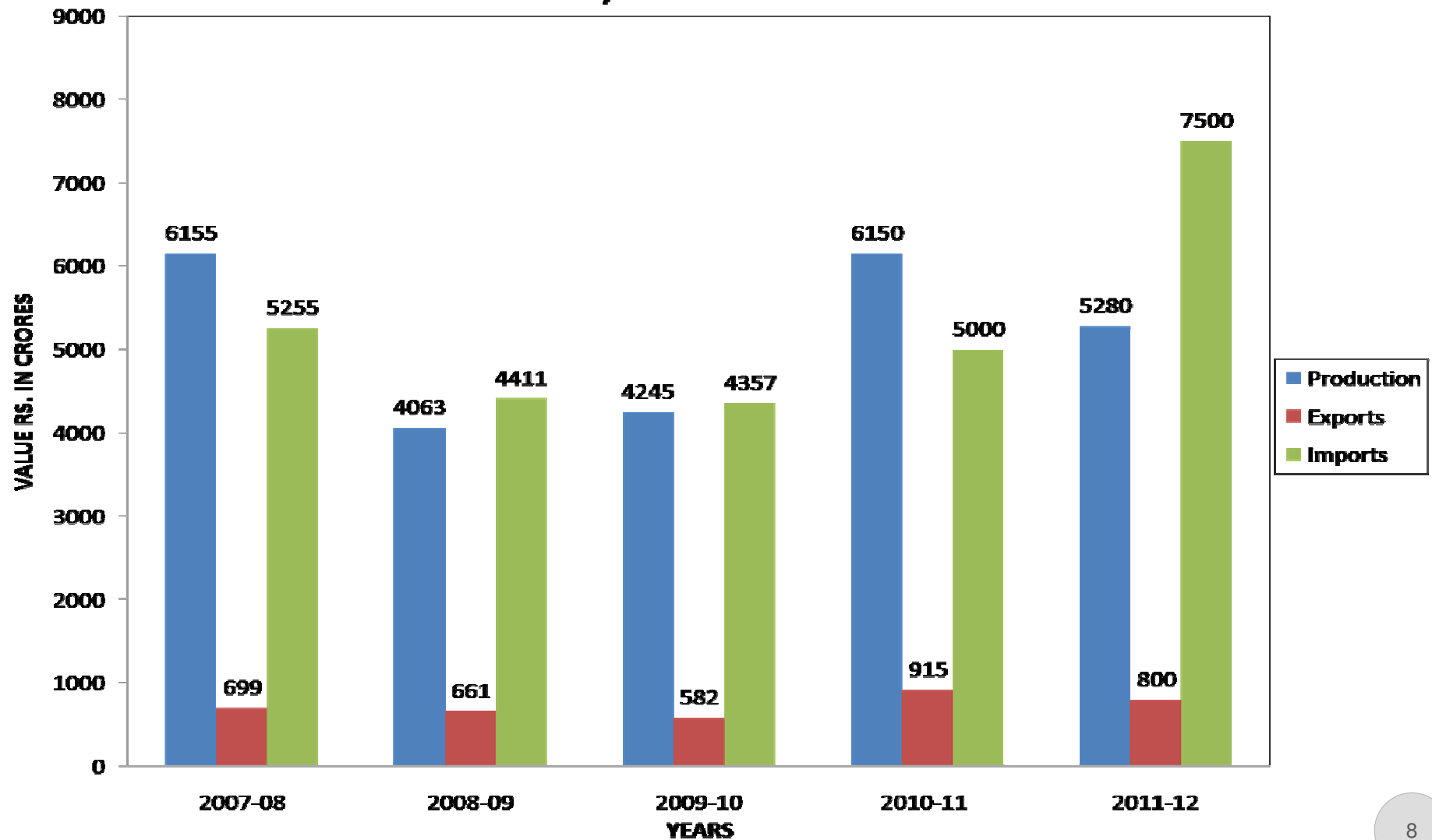


- **Processing Machinery:** Technology gaps exists
 - Many hi- tech machineries are being manufactured for ex. Continuous Bleaching Plant, Dyeing Plant, Washing range, Preshrinking Range, Indigo dyeing Plant etc.
 - Some of the special purpose machineries are not yet developed
 - Existing capacity meets over 50% of the requirement
- **Parts/Components and Accessories:**
 - Except some critical parts, most of the items are manufactured
 - High speed cam doobby, electronic doobby and jacquard not manufactured
- **Testing Equipments:** At par with international standards- very limited imports
- **Other Items Not Manufactured:**
 - High speed Garment making machinery & Knitting machinery
 - Machinery for technical textiles and Non-Woven and Embroidery machinery

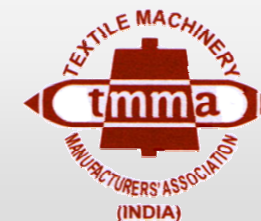
TEI – AN UPDATE



PRODUCTION, EXPORT & IMPORT



TEI – AN UPDATE



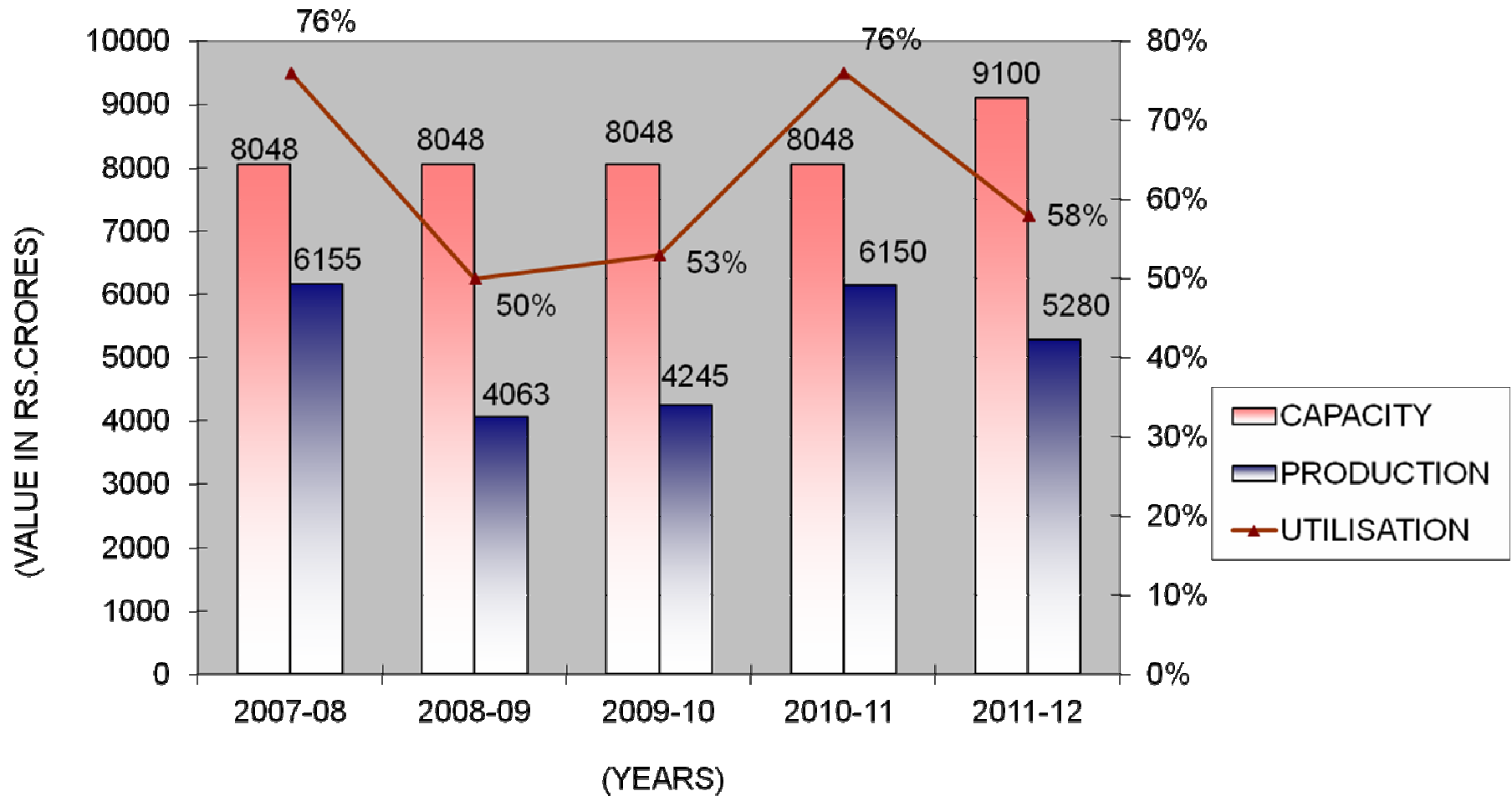
Particulars	2007-08	2008-09	2009-10	2010-11	2011-12
Production	6155	4063	4245	6150	5280
Import	5255	4411	4357	5000	7500
Export	699	661	582	915	800
% Change in production		-34%	4%	45%	-14%
% Change in import		-16%	-1%	15%	50%

TEI – TARGET & ACHIEVEMENTS XI PLAN

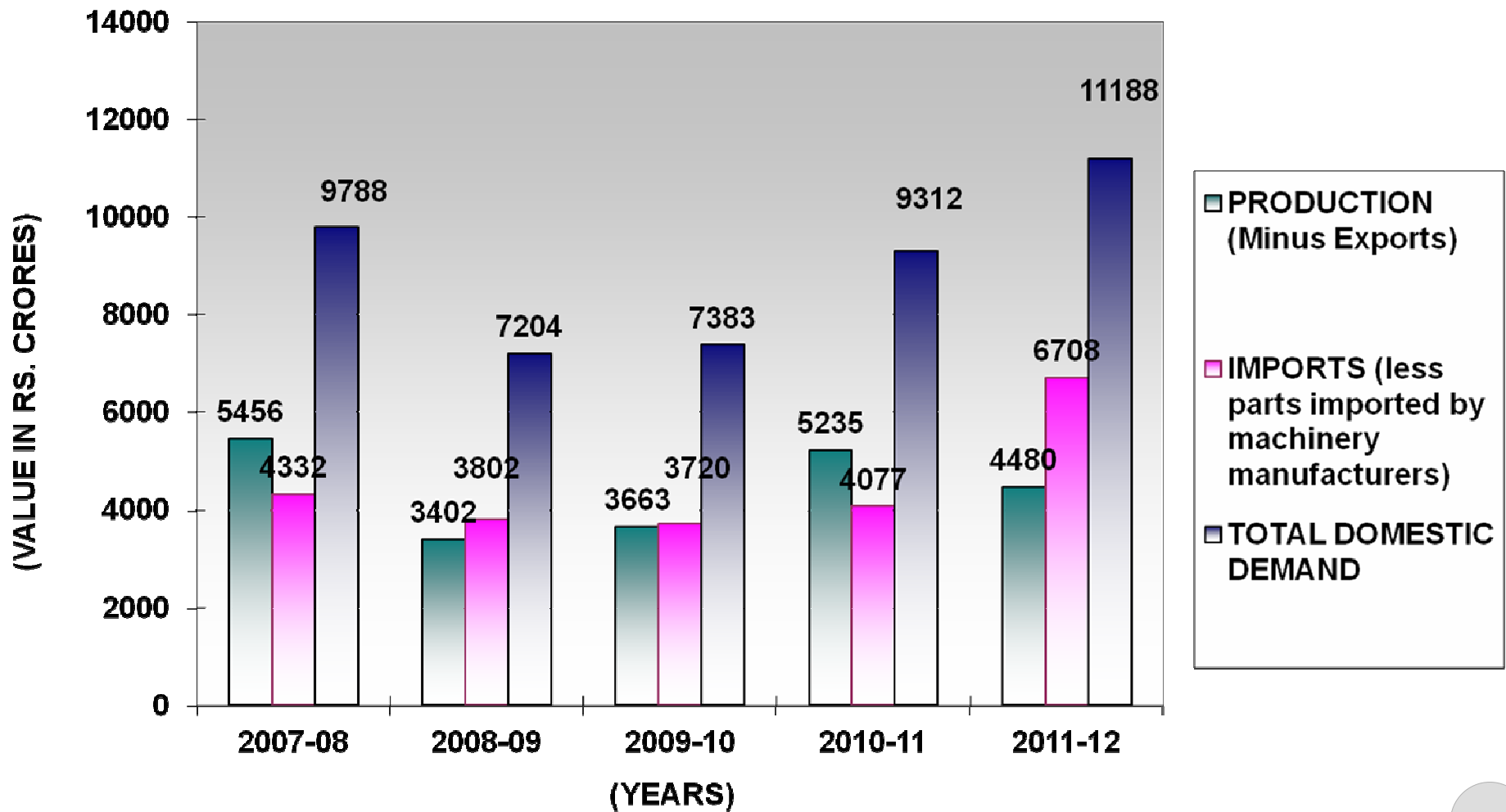


Year	Export Requirement Rs. Cr		Domestic Requirement Rs. Cr		Total Production Rs. Cr	
	Target	Achievement	Target	Achievement	Target	Achievement
2007-08	575	699	3025	5456	3600	6155
2008-09	630	661	4070	3402	4700	4063
2009-10	700	582	5400	3663	6100	4245
2010-11	770	915	7130	5235	7900	6150
2011-12 (P)	850	800	9450	4480	10300	5280

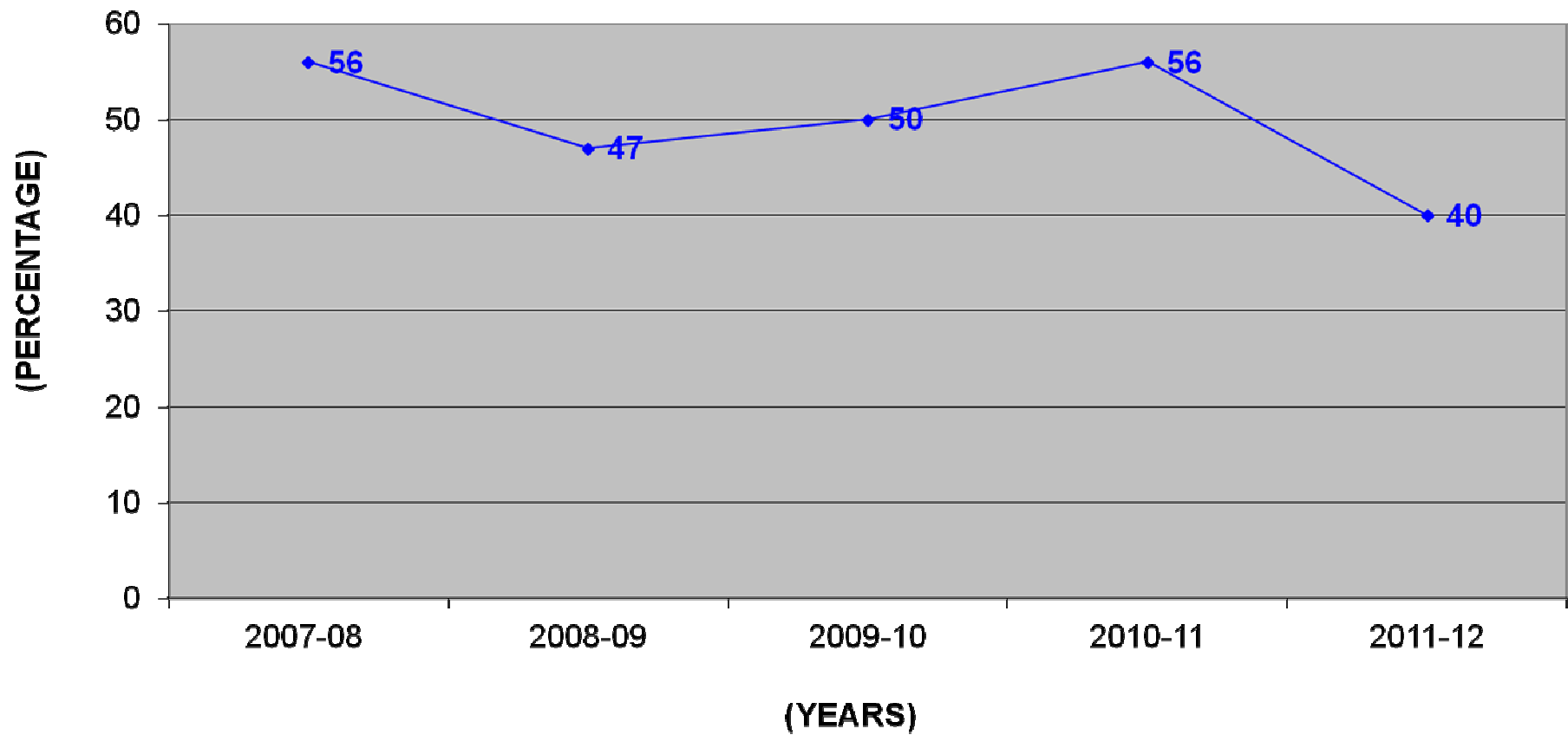
TEI - CAPACITY UTILIZATION



TEI – DOMESTIC DEMAND



TEI – % SHARE OF DOMESTIC DEMAND MET



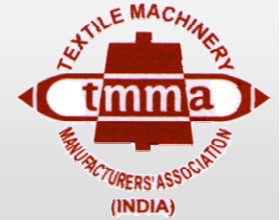
TEI – RETARDATION OF GROWTH



■ Reasons:

- Unhealthy condition of the domestic textile industry
- Spinning Sector suffered due to high raw material cost, shortage of power and fall in export demand.
- Weaving sector suffered periodically due to bad market condition which affected the domestic machinery manufacturers
- Processing machinery sector - Periodical ups and downs due to demand recession and indecisiveness of the Govt. in extending the benefits under TUFS
- Processing machinery manufacturers are looking for other countries for manufacture and exports
- Few manufacturers of spinning, weaving and processing have either set up manufacturing facility or tie ups in China, others may follow
- No R&D support and TUF scheme for the TEI with interest subvention to achieve the long term goal

GOVERNMENT POLICIES RIDDLES Vs REMEDIES



Riddle	Remedy
<p>Textile industry can import shuttle less looms (new/ used) without any restriction irrespective of it's utilization. The domestic manufacturers of shuttle less looms have to follow stringent procedures under import of goods at concessional rate of duty for manufacture of excisable goods – rules thereof.</p>	<p>It is preferable that the import of parts/ components/ spares & accessories of shuttleless looms should be allowed at nil duty without any condition/restriction whatsoever. This will facilitate faster development of indigenous shuttle less looms</p>
<p>No benchmarking process or ISO Certification for any foreign / Chinese manufacturers, while our manufacturers are subjected to follow.</p>	<p>Removal of benchmarking process – uniform treatment for all-natural justice</p>
<p>Supplies of domestic machinery to 100% EOU and EPCG license holders are called “Deemed Exports”. For 100% EOU no excise duty to be paid, whereas for EPCG license holders, terminal excise duty has to be paid first & then the refund is to be claimed.</p>	<p>Abolish excise duty on “Deemed Exports” for EPCG license holders- uniform treatment</p>

TEI - REQUIREMENTS



- **Points required consideration:**
 - **Promotion** of R & D/ Government **Incentives for R & D**
 - Business & market development support- dedicated **EPC for TEI**
 - Foreign direct investment- conducive atmosphere creation by Govt.
 - Duty Structure - Protection of domestic industry
 - The Government Schemes - CFCs for product development, testing, design development etc. and tax holidays to create an enabling environment
 - Technology Up-gradation Fund for the Textile Engineering Industry with interest subvention to achieve the long term goal
 - **Implementation of decisions-** Restriction on import of 2nd hand machinery and no subsidy for such import under modernization schemes
 - Removal of benchmarking process under TUF scheme or creation of a level playing field for Indian manufacturers
 - Acquisition of technical know-how from overseas

Thank You