

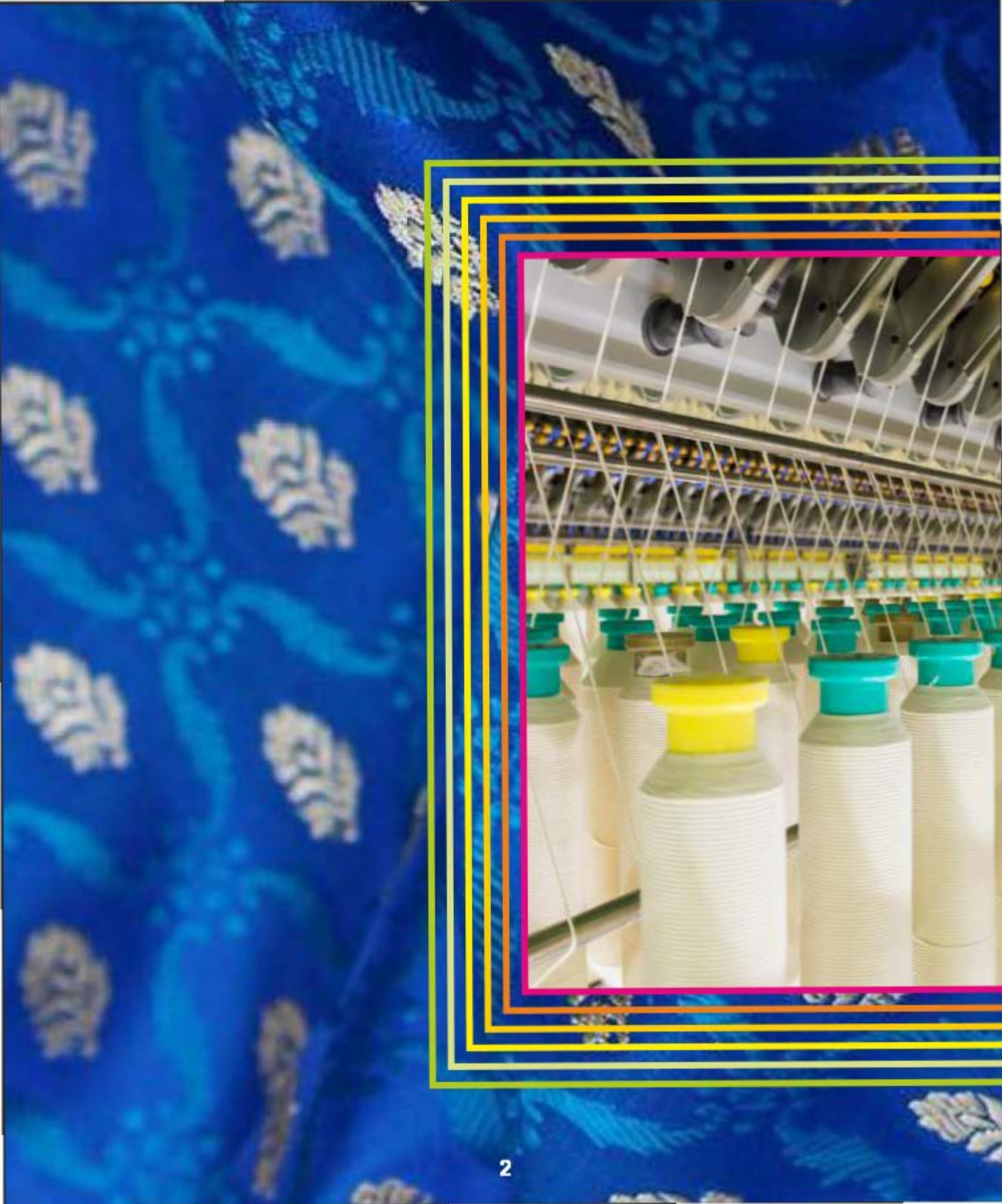


TEXTILE

Weaving Prosperity.

POWERING NEW INDIA







GLOBAL SCENARIO

- The global apparel market size is expected to reach INR 1,69,00,000 Cr in 2025.
- A large & growing domestic demand coupled with increasing spending power of people in India and China will result in the combined addition of around INR 32,50,000 Cr in the global apparel market size by 2025.¹
- Region wise, Asia Pacific and Western Europe are leading markets contributing 35.6% and 22.8% respectively in 2016.²
- Moderate growth in recent years has increased industry competitiveness. With fast changing consumer preferences, players are required to create strong brand consciousness and run intensive marketing campaign to retain market shares.
- India has to take advantage of lower labour cost and high domestic demand, focussing on value added textile segments to emerge as global leader in textile and apparel.

TEXTILE SECTOR- INDIA SCENARIO

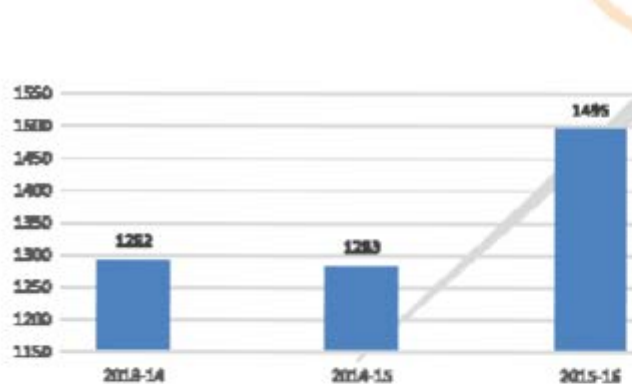
- India is the 2nd largest textile fibre producer in the world with production of around 90 Lakh tonnes in 2015-16.
- It is the largest cotton and jute producer and the second largest producer of silk in the world.
- Textile industry in India accounts for nearly 15.1% (by value) of total exports in the country.
- India has the second largest textile manufacturing capacity globally, accounting for 18% of world's spindles and 9% of world's rotor and has a share of 5% in global textiles and apparel trade.
- Textile and apparel sector is the second largest employment provider in the country, employing nearly 51 Million people directly and 68 Million people indirectly in 2015-16.
- The industry has strong infrastructure with around 24 Lakh looms of varied designs and construction indicating significant production capacity.



1. Source : Global Shifts in Textile Industry & India's Position, (2015) FICCI

2. Source : World Apparel Market Data, Euromonitor

Trends in FDI in Textile Industry in India (INR Cr)



Source: Press Information Bureau

Textile & Apparel Exports from India (In INR Cr)



Source: Ministry of Textiles

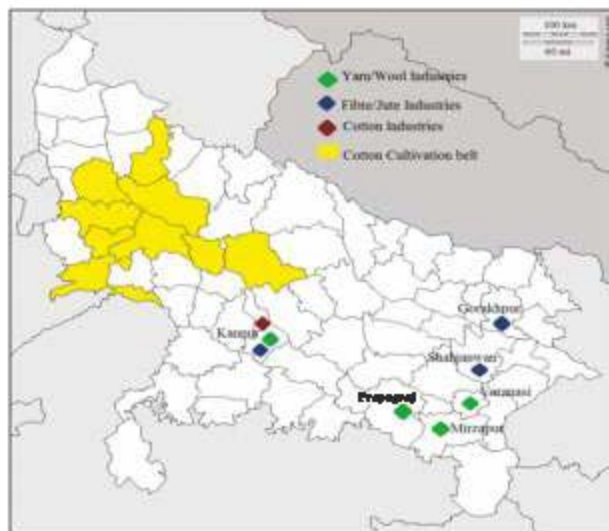


UTTAR PRADESH SCENARIO

- Textile sector is one of the important traditional industries in the State. Uttar Pradesh is the third highest fabric producing State of India producing 13.24% of the national production.
- The State ranks 5th in total silk production in the country.
- Uttar Pradesh has 58 spinning mills and a total of 74 textile mills in the non-SSI sector.
- The State has fifth highest number of handlooms in India. Uttar Pradesh has about 2.58 Lakh Handloom weavers and about 5.50 Lakh power loom weavers.
- The State is also known for its carpets and produces around 90% of India's carpets.
- Uttar Pradesh is the largest market for textile and handloom, with a consumer base of over 204 Million people.



Silk Belt in UP - Illustrative Image

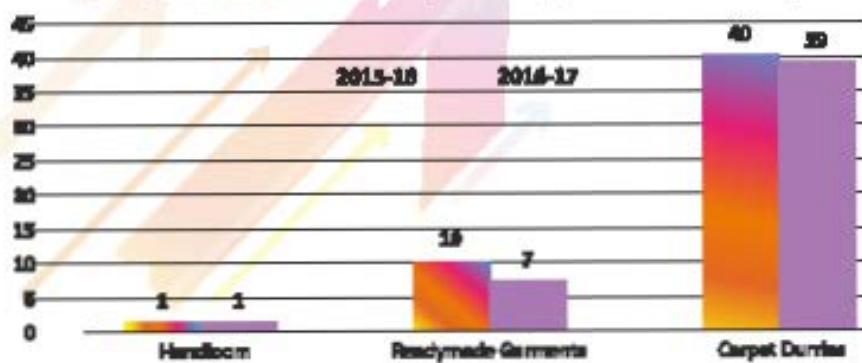


Textile Centres in UP - Illustrative Image

Uttar Pradesh Textile Exports (in INR Cr)

| Sector | 2015-16 | 2016-17 |
|--------------------|-----------|-----------|
| Handloom | 880.38 | 417.24 |
| Carpet & Mats | 4,547.54 | 4,648.89 |
| Readymade Garments | 15,194.26 | 10,866.70 |

UP's Handloom and Textile Exports as %age of Total National Exports



Key Investment Enablers in Uttar Pradesh for Textile

Abundance of raw material

Major Handloom production centres in Uttar Pradesh

| Centres | Products |
|----------------|---|
| Amroha | Picnic Mats |
| Azamgarh | Silk Sarees, mixed sarees and fabrics, Kharrimats |
| Agra | Mats, bedsheets, furnishings, heavy dress materials, chenille cotton carpets |
| Barabanki | Stoles, scarves, lungis |
| Etawah | Bedsheets, dress materials, Mats, mixed fabrics |
| Farrukhabad | Cotton prints, bedsheets, dress materials, Mats, chenille cotton carpets, mixed fabrics |
| Fatehpur-Sikri | Heavy cotton fabrics, dress materials, Mats, chenille cotton carpets, mixed fabrics |
| Ghaziabad | Jacquard furnishings, bedspreads, terry towels, linen, home furnishings |
| Gorakhpur | Terry towels, towelling, furnishing, dress material, Bed Sheet & Bed Cover |
| Hathras | Chenille rugs, cotton carpets, fabrics |
| Kanpur | Mats, dusters, cotton fabrics, Durries |
| Lucknow | Chikankari work |
| Sitapur | Cotton mats |
| Varanasi | Silk sarees, sarees, mixed fabrics, cut work items, dress materials, furnishings, stoles, scarves, gauze and leno fabrics, brocades |



Key Handloom and Textile Clusters

Most significant clusters for handloom and textile in Uttar Pradesh include:

Carpet cluster Mirzapur-Bhadohi

- Bhadohi is known as the 'carpet city' of India. It is the largest manufacturer and exporter of hand-knotted carpets in India.
- The region is the largest handmade carpet weaving cluster engaging 3.2 million people and 22,00,000 artisans in its export units.
- Bhadohi region accounts for almost 50% of India's carpet export industry.

Silk Cluster Varanasi

- Varanasi Silk Handloom Cluster is world famous and its dominance continues in producing best quality silk fabrics, particularly sarees.
- Varanasi silk saree / fabric with heavy embroidery work provides several variations in designs and colour making it exclusive.
- Varanasi contributes 090-95% in silk saree production in Uttar Pradesh.
- Other products include, dress materials and fashion accessories such as stole, scarves, etc.

Other Handloom Clusters Approved by GoI in Uttar Pradesh

| Year | Region Wise - Number of Clusters approved |
|---------|---|
| 2015-16 | Moradabad – 01 Aligarh – 01 Lucknow – 01 Varanasi - 01 |
| 2016-17 | Moradabad – 04 Aligarh – 01 Lucknow – 02 Bareilly – 01 Mau – 10 Meerut – 01 Varanasi – 10 Etawah – 01 Jhansi – 01 |
| 2017-18 | Lucknow – 01 Kanpur – 02 Gorakhpur-01 Moradabad - 04 Merrut - 01 |
| 2018-19 | Moradbad - 01 |



Source: Information received from Dept. of Handloom and Textile, GoUP



Availability of skilled, semi-skilled human resource

- With a total population of more than 204 Million, Uttar Pradesh boasts of a labour force of over 70 Million of which over 40 Million are non-agricultural labour force.
- Rich in traditional arts, the State has abundance of skilled labour readily available at competitive cost for textile sector.
- Premier Institutes such as National Institute of Fashion Technology, Raebarell offers courses in textile design, leather design and fashion technology and management; Uttar Pradesh Textile Technology Institute, Kanpur offers undergraduate and postgraduate programmes in textile technology and engineering; Indian Institute of Handloom Technology, Varanasi offers diploma courses in Handloom technology, etc.
- Integrated skill development scheme (ISDS)– Centrally sponsored scheme is successfully running in the State to address the skilled manpower of textile industry. Around 10,000 people far total 9922 persons have been trained under this scheme in the State. Total INR 7.75 Cr have been released under the scheme to UPICA GoUP in 2016-17.



Illustrative image from NIFT Raebarell





GOVERNMENT SUPPORT

Government Schemes and Initiatives

- **Prime Minister Handloom weavers Mudra Scheme** - Under the scheme handloom weavers get loans at only 6% interest rate.
- **Marketing Assistance** - The Government provides marketing assistance to weavers in handloom sector, wherein grants are given by GoI (Government of India) to State Government to host exhibitions and fairs. As of 2017-18, total sales made through government supported fairs and exhibitions amount to some INR 11.63 Cr.
- The State Government under Powerloom Development Scheme provides INR 1 Lakh grant on setting up Semi automatic, Powerloom, and INR 45,000 for setting up workshops and INR 5,000 per weaver for training. Around 1,330 weavers are expected to benefit from the scheme.
- **Logistics Support** - In order to ensure continuous quality power supply in Handloom Clusters and areas, separate feeders are provided. In the financial year 2017-18, two such feeders are planned in Gorakhpur. Government of Uttar Pradesh has already sanctioned and released INR 5 Cr for this purpose. Rebate/ Subsidy in the electricity bills is provided to Handloom and Powerloom Weavers.
- **Cluster Development Programme** - In order to support strengthening of naturally existing clusters in the State and also to develop new clusters in the State, the State Government is supporting the implementation of Cluster Development Programme of Government of India.





Highlights of the Handloom, Power-loom, Silk, Textile and Garmenting Policy 2017

Incentives for Textile Units

Stamp Duty

- 100% exemption (except in GB Nagar district).
- 75% exemption in GB Nagar district.
- 100% exemption to Sericulture chaak, koya production, threading units.
- 100% exemption on land purchased for the development of Infrastructure facilities.

SGST

Net SGST reimbursement subject to an annual upper limit of 25% of fixed capital investment (Land, Building, other Construction and Plant & Machinery for period of 10 years-

- 90% for MSME textile units.
- 80% for Mega and Super-Mega.
- Non-MSME units -
 - 90% in Poorvanchal and Bundelkhand
 - 75 % in Madhyanchal and Pashchimanchal
 - 60 % in GB Nagar district

Energy

- 100% exemption from electricity duty will be given to new units for 10 years.

Mandi fees

- Purchase of raw materials will be exempted from Mandi Fee for a period of 5 years.

Interest Subsidy

- 7% on loan taken for procurement of TUF5 eligible plant & machinery for period of 7 years subject limit of INR 1.5 Cr per year and INR 75 Lakh in GB nagar district.

Infrastructure Interest Subsidy

- 5% on loans taken for developing Infrastructural amenities for period of 5 years subject to cap of INR 1.00 Cr per unit.

Quality Development Subsidy

- 5% on loan taken for research , quality improvement & development of textile products by textile Industry association and group of textile Industrial units for a period of 5 years subject to a cap of INR 1 Cr per lab .

Capital Subsidy

- 25% subsidy for plant and machinery subject to following limit and conditions:
- 20% for silk reeling units with capital investment of minimum INR 1 Cr.
- 15% margin money as capital subsidy for units for rearing of chaak worm, koya production, reeling and spinning in sericulture sector, for SC/ST and women his subsidy will be 20%.

| Project Investment (INR Cr) | OR Minimum Employment | Subsidy cap (INR Cr) |
|---|-----------------------|----------------------|
| Less than or equal to 10 | 50 | 2 |
| Greater than 10 and Less than or equal to 50 | 200 | 10 |
| >50 but ≤100 Greater than 50 and Less than or equal to 100 | 300 | 20 |
| >100 but ≤200 Greater than 100 and Less than or equal to 200 | 500 | 40 |
| Greater than 200 | 1000 | 100 |

- EPF reimbursement
- 50% for 5 years for new textile units which provide employment to minimum 100 workers.
- 60% for 5 years for units which provide employment to minimum 200 workers.

Land

- 50% of land cost will be reimbursed for land bought from State Government agencies.
- 30% subsidy in case of Gautam Budh Nagar.

Special incentives for Textile Parks

- 50% of annual interest on purchase of land for 7 years subject to maximum limit of INR 1 Cr per annum with cumulative limit of INR 50 Cr.
- 100% exemption on stamp duty to developers of textile park (except in GB Nagar district).
- 50% exemption on stamp duty to first buyer of plot/unit in every park.
- 60% subsidy on annual interest for 7 years for construction of staff-quarters, hostel/dormitory.
- 100% exemption from stamp duty to developers of staff quarters/hostels/dormitories for purchase of land (except in GB Nagar district).



MEGA AND SUPER-MEGA TEXTILE PROJECTS
Mega and Super Mega units are defined as follows:

| Type of unit | Criterion | |
|-------------------------|--|---|
| | In Bundelkhand & Poorvanchal | In rest of Uttar Pradesh |
| Mega Units | Investment: INR 50 to 75 Cr Or Employment: Minimum 500 (Minimum 1,000 for garmenting units) | Investment: INR 75 to 125 Cr Or Employment: Minimum 750 (Minimum 1,500 for garmenting units) |
| Super Mega Units | Investment: More than INR 75 Cr Or Employment: Minimum 750 (Minimum 1,500 for garmenting units) | Investment: More than INR 125 Cr Or Employment: Minimum 1,000 (Minimum 2,000 for garmenting units) |

Employment Generation subsidy

- INR 3,200 per employed person per month to mega and super mega garmenting units for 5 years in all districts except Gautam Buddha Nagar and Ghaziabad.

Case-to-Case Basis-Financial caps as per the policy may be relaxed on Case-to-Case basis.

Plug and Play facility

The State government will provide complete , ready to use standard sized sheds and other facilities , on rent to potential entrepreneurs in the garmenting sector through its agencies like UPSIDC , other industrial development authorities , urban development authorities and Housing Development Board

FREIGHT REIMBURSEMENT

For export promotion freight reimbursement will be provided to new units as follows:

- 75% for first 2 years.
- 50% for next 2 years.
- 25% for the 5th years.

INVESTMENT OPPORTUNITIES

There are numerous investment opportunities across value chain in Garmenting, Dyeing, Fabric production, Spinning etc.

- Fibre Production**- In India, Uttar Pradesh offers huge scope for man-made fibre and filament manufacturing. With change in consumer preferences and awareness about health and hygiene, consumption of man made fibres is poised to grow in future.
- Spinning**- The spinning sector in UP is highly advanced and competent globally in terms of price, quality and standards, offering cheap skilled labour. It is likely to grow further and adopt new technologies.
- Weaving**- India forms world's highest installed weaving capacity, and UP holds a strong position. There is already achieved strength in manufacturing of knitted and woven fabric however opportunities in value added and specialty fabrics still need to be explored.
- Stitching**- Given the abundant labour force with high rates of female labour force participation in the textile sector, the state has potential to be a part of global value chain through stitching for the apparel industry.

- e. **Apparel**- It is estimated that apparel sector generates 56-84 jobs per INR 97.5 Lakh investment as compared to any other industry average of 6 jobs generated per INR 97.5 lakh investment. Looking at the high employment generating potential, Government of India has extended various benefits to this sector. In Uttar Pradesh, investors can benefit from the market access arrangement in India with countries like Japan, South Korea, ASEAN, Chile, Netherlands, etc.
- f. **Technical Textiles** is a knowledge based industry at a nascent stage in India, which offers tremendous opportunities for joint ventures and FDI. The market size of Technical Textiles in India was estimated to be INR 1.5 Lakh Crores for the year 2016-17 with a growth rate of 20% per annum. Uttar Pradesh can be a promising destination to invest in manufacturing technical textiles in India.

| Sub-Segment | Opportunity |
|-------------|---|
| InduTech | Glass fiber, battery separator, fusing belts, high mesh filters, industry felt, woolen felt, fire resistant fabric, slings for bulk handling |
| HomeTech | High quality upholstery fabric, narrow width fabric for furniture application, wipes for house hold use, fiber foam & wadding, fiberfill products |
| AgroTech | Agro shading net, packing net for agro products |
| GeoTech | Woven & non-woven geotextiles |
| ClothTech | Narrow width fabric as fashion accessories like belt |
| BuildTech | Scaffolding net |
| ProTech | Fire retardant clothes |
| MobilTech | Interior carpets & NVH components |
| PackTech | Jumbo bags, FIBC, coated fabric for soft luggage |
| OekoTech | PP nonwoven liners for land fill sites of MSW |
| MediTech | Nonwoven disposables like apron, mask, caps, draper etc |

- g. **Integrated Textile and Apparel Parks** - There is also scope for integrated factories from spinning to weaving and garmenting with high automation, especially for the domestic fashion market. Integrated units can leverage economies of scale and market access benefits of set-ups in Uttar Pradesh and cater to the fast fashion requirement of consumers. Uttar Pradesh will not only create maximum job but also contribute to textile exports of India. Proposed Textile park regions include - Fatehpur, Kanpur, Bareilly and Farukhabad in the State.
- h. **Retail Brands**- The capital market in multi brand retailing allows 51% FDI in India, Uttar Pradesh is one of the most promising destination to set up multi brand retail businesses through Joint Ventures, since Uttar Pradesh has the largest consumer base.
- i. **E-Commerce**- With boom in e-commerce sector, investment in IT for handloom and textile products manufactured in Uttar Pradesh is a promising opportunity. There is a popular demand for the traditional art and finesse of UP handloom products across the globe.
- j. **Textile R&D Centres**- Investment in R&D for new product development by way of establishing hi-tech production centres, design studios, training centres is another promising opportunity in Uttar Pradesh in this sector. These centres can be started as incubation centres in existing textile institutes and textile parks, already equipped with skilled and semi-skilled labour and abundance of raw materials.

| Textile Industrial Areas | Regions | Details |
|----------------------------|--------------|--|
| Trans Delhi Signature City | Ghaziabad | Apparel Park – Around 44000 SQM land available. |
| Malwan | Fatehpur | Textile Mill – Around 38000 SQM land available. |
| SEZ, Moradabad | Moradabad | Textile Units – Around 1,48000 SQM land available. |
| G.C. Jainpur | Kanpur Dehat | Textile Mill – Around 18000 SQM land available. |

Source: <http://onlineupsidc.com/IndustrialAreas.aspx>

Key investible Projects

Textile Park, Bareilly

Area of the Project
 Approx. Project Cost
 Funding Partners
 SPV Funding
 Present Status

34 Acres
 INR 100 Cr
 INR 40 Cr (GoI), INR 20 Cr (GoUP)
 INR 40 Cr
 Proposed

Incentives
 Nodal Agency
 Name of Contact Person
 Contact No
 Email Id

UP Textile Policy, 2017
 UP-YEIDA
 Dr Arun Vir Singh, CEO YEIDA
 0120-2395164
 ceo@yamunaexpresswayauthority.com

Textile Park, Farukhabad

Area of the Project
 Approx. Project Cost
 Present Status

INR 100 Cr
 Proposed

Incentives
 Nodal Agency
 Name of Contact Person
 Contact No
 Email Id

UP Textile Policy, 2017
 YEIDA
 Dr Arun Vir Singh, CEO YEIDA
 0120-2395164
 ceo@yamunaexpresswayauthority.com

Source : Handloom & Textile Department, GoUP.



Key Players

Raymond

Seva Chikan
Pvt. Ltd.

fabindia
CELEBRATE INDIA

THREADS
INDIA LIMITED

BIBA

CTA APPARELS

IKEA

Shri Lakshmi
Group of Industries

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