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Thriving in the ‘new normal’

The Indian textile and clothing industry has seen turbulent times. It has witnessed downturns, slumps and recessions. However, for the first time in its long history, it witnessed a pandemic and an economic depression on account of which businesses went under and millions of jobs were lost due to lockdowns.

Nevertheless, the resilient Indian textile industry has now bounced back and is operating at good capacities and in the coming few quarters it will once again start thriving.

There is no doubt that industry has tremendous potential to scale new heights. However, concerted and committed efforts of government support is required to reach the zenith.

Early this year, Indian government announced the agriculture and labour reforms which will go a long way in getting the farmers better remuneration for their produce while the new labour reforms will help in ease of doing business.

This kind of positive support needs to be continued by the government. It needs to extend further support to the industry by announcing a uniform GST rate structure for the textile and clothing sector. Currently, the rate structure varies from 18% to 5%. It is high time that the government ensures that the rate of tax on inward supplies (purchases) is not more than the rate of tax on outward supplies (sales).

The Indian government also needs to become aggressive in signing FTAs with the textile and clothing consuming countries such as USA, Europe and UK. These countries are reducing their sourcing from China and India should fill this void in order to have a higher share in international textile trade.

The industry on its parts should also focus on exports of MMF and Blended textiles and clothing. India has been predominantly a cotton-based exporter. Time has now come to penetrate the global domain of MMF and Blends.

Meanwhile, the Diwali issue this year presents to you the opinion and outlook of industry leaders who believe that Indian textile industry has a challenging and bright future.

We at Tecoya Trend also share the same belief and take this opportunity to wish all advertisers and readers ‘A Happy Diwali and A Prosperous Future’.

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Managing Editor

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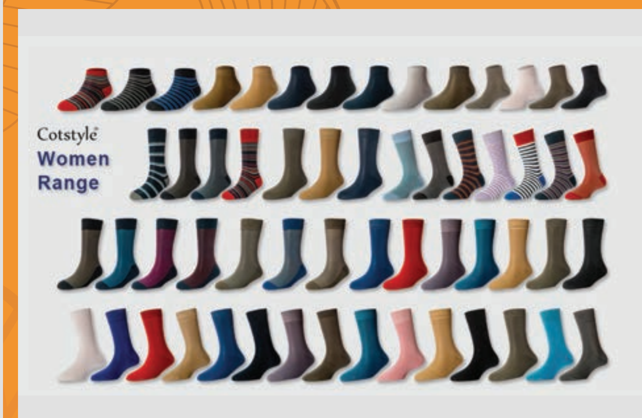

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Indian textile industry is resilient and capable of adapting to changing business dynamics

Mr. R. D. Udeshi, President, Polyester Chain, **Reliance Industries Limited** in Q&A with Tecoya Trend.

TT: The corona virus pandemic has wrought havoc on the Indian textile industry. How has it affected the Indian polyester industry?

MR. R. D. UDESHI: During the starting phase of COVID-19 lockdown, the industry witnessed sudden loss of demand with Q1 demand declining by 80% Q-o-Q. Orders in the downstream industry also witnessed similar trend with both domestic and international orders being cancelled. Exodus of labour to their natives rendered factories to shut down. Producers and traders could not sell the available stocks and new orders were negligible. The entire industry cash flow was blocked and pipelines dried up.

However, with unlocking of economy the industry operations revived gradually and is witnessing steady growth.

TT: How is the demand pattern of polyester intermediates (PX, PTA and MEG) in the domestic market after the lifting of the lockdowns?

MR. R. D. UDESHI: During the lockdown demand for PX, PTA and MEG declined 50-60% in line with reduction in polyester and downstream demand. However, production witnessed a lesser fall as some of the production was strategically diverted to exports. With the lifting of the lockdown domestic demand resumed, supporting demand for fibre intermediates (FID).

Q2 demand for fibre intermediates increased 70-130% supporting increased production. Additionally, decline in imports during the period bolstered the domestic production for local consumption.

TT: How is the current production and price trend of PSF, POY, DTY and FDY?

MR. R. D. UDESHI: Spread of COVID-19 in China and other polyester consuming countries has had a major impact on the production and prices of polyester products. Polyester producers in China and other consuming centres witnessed inventory built-up during lockdown. Subsequently, prices declined.

Even though, China happened to be first to contain the spread of virus and restart the economy earlier than other nations; the actual pickup in demand seems to be lacking. More so, most of the consuming nations continue their COVID-19 restrictions as second or third wave of virus erupts. Globally, polyester production is yet to pick up the previous year's momentum during this peak textile season.

Recently, Polyester prices have been firmer in China amidst low inventory levels and fluctuations in feedstock values; which has bolstered the margins.

TT: What is your opinion on order inflow in the coming months? What is the expected mix of domestic and export orders?

MR. R. D. UDESHI: With the gradual resumption of textile operations globally, orders have started to pick up, which is also suggested by the latest optimistic survey from ITMF. I believe, that this revival will continue. Indian producers are likely to benefit as the global players have started eyeing India as major sourcing destination. Indian producers have always catered to the domestic need first and exported the surplus. This behavior would continue and Indian polyester producers would prefer the local downstream to exports.

TT: What are the main challenges you foresee for the polyester industry in the current financial year?

MR. R. D. UDESHI: The issue faced by our industry now are:

i. Threat of imports: India imported textile and apparel worth US$8.2 Bn, an increase of 12% y-o-y. Significant portion of this came from China and Bangladesh. China has huge over capacity of polyester which is a potential threat and can be dumped easily in India. PSF imports increased 26% in FY19-20 and PFY imports increased 38% during the same period

ii. Liquidity issues: The sudden lockdown in view of COVID-19 blocked the cash in the pipeline. Many polyester producers shut operations due to lack of orders and piling inventories; stock losses impacted profitability.

iii. GST rationalization: Currently, India has a differential GST rate structure with polyester being capped at a higher rate; unlike other natural fibres. Many competing economies have a uniform tax structure which supports higher polyester consumption in line with global norms. While in India, natural fibres are favoured due to lower taxes preventing suitable growth of MMF, which is a globally accepted feedstock of choice down the value chain.

iv. Technology upgradation: Although India is self-sufficient in all varieties of raw materials it is not able to extract maximum value addition. Almost 50% of Indian textile and apparel

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Indian textile industry is resilient and capable of adapting to changing business dynamics

Continued from Page No. 08

exports are still raw material and intermediates. Comparatively, major exporters such as Bangladesh and Vietnam export majority portion as finished products. This is primarily due to inadequacy of downstream manufacturing and processing capabilities.

TT: How is the polyester industry dealing with migrant crisis and how does it plan to retain and bring back workers?

MR. R. D. UDESHI: The polyester industry is relatively less labour intensive as compared to downstream textile industry. Major polyester and textile producers are proactive in ensuring the wellbeing of their labour force. They have adopted varied measures to prevent the spread of the disease and reduce external contact through local sheltering and social distancing on factory floor. These measures have encouraged workers to return, which has helped many players to ramp up production.

TT: How is the polyester industry fairing in terms of liquidity issues and is the credit flow adequate?

MR. R. D. UDESHI: Since the start of lockdown during COVID-19, there was sudden drop in orders from downstream which curtailed the cash flow. Subsequently, many players in the polyester industry also had to shut their operations or run at sub-optimal rates, and inventories piled up at producers' end. With the gradual ease of lockdown, operations resumed, and order started to flow in, however the industry has still not reached its pre-COVID demand level. Export orders also are cautious. Due to this, cash flow is still tight across the chain and polyester producers are also operating hand-to-mouth

TT: How has the crisis made you rethink your business strategy?

MR. R. D. UDESHI: The onset of the crisis opened up a grave problem sourcing diversity, many buyers' dependent on single source China were forced to shut operations and look out for alternative source for supplies. India happened to be the next choice.

RIL has been able to meet these diverse requirements through its agile organizational structure and diversified product portfolio. I believe that ability to adapt to difficult situations would be one of the vital strategy.

Globally, various quarters of the textile industry have been increasing emphasizing on the need of environmentally sustainable operations and products. This points to growing acceptance of long term societal good which should another vital strategy. RIL has already set up a robust network of PET recycling and also has a wide range of environmental friendly products.

With the global textile markets looking for alternatives other than their old supply chains, reliability becomes key scoring point for ensuring repeat orders. Producers should be able to ensure timely delivery and promised product quality while also offering technical assistance. RIL has strategically built on operational consistence, product quality and technical assistance to help its customers

TT: Sustainability has become a public and economic concern. What is your take on sustainability in polyester industry?

MR. R. D. UDESHI: Its indeed good news that today sustainability has become a public and economic concern. It's a "New Normal" today and we need to take it further. We at Reliance, have already adopted recycling and waste management as a business model.

Waste reduction and recycling are at the key sustainable feats that every company/industry is targeting. MMF industry is also moving in the direction of using recycled feed as its raw materials. Polyester, the largest consumed MMF, is also moving in the direction and recycled feed is being used for various end products today.

Globally, the share of recycled products in the total basket of polyester has risen significantly since the start of the century. Volume of 0.5 MMT has today risen to 5 MMT accounting for about 10% of total polyester production.

With the adoption of more stringent recycling norms and rising awareness, the share of recycled products is having a strong future in coming times. Also brand owners are demanding recycled ingredients for their end-users.

TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian polyester industry play?

MR. R. D. UDESHI: Indian polyester industry is self-sufficient with regards to feedstocks availability and polyester production. Hence, in context to Aatmanirbhar Bharat, Indian Polyester Industry is already self-reliant. However, while our self-sufficiency is good enough to meet the domestic demand; we need to take a step further and improve our downstream processing capability to meet the international standards. It is imperative to improve our downstream processing of finished products.

Indian textile industry is resilient and capable of adapting to changing business dynamics. A classic example to this is when Indian manufacturers converted their operations to manufacturing

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Shift in sourcing away from China is benefitting Indian T&A industry

Mr. Rajeev Gopal (CMO, Birla Cellulose), Pulp & Fibre Business, **Aditya Birla Group**, in Q&A with Tecoya Trend.

TT: The corona virus pandemic has wrought havoc on the Indian textile industry. How has it affected the Indian viscose staple fibre (VSF) industry?

MR. RAJEEV GOPAL: The impact on the Textile & Apparel industry has been very severe with consumers not preferring to buy apparel in times of the pandemic and since this is primarily a discretionary purchase, most consumers have differed the same. This has led to very low consumption of all fibres and VSF has been no exception.

TT: How is the demand pattern of (VSF) in the domestic market after the lifting of the lockdowns?

MR. RAJEEV GOPAL: Demand for VSF has been recovering from end July with more buying from the smaller towns and rural markets leading to a faster revival in the unorganized sector while the recovery in the organized sector still remains sluggish.

TT: What is your opinion on order inflow in the coming months? What is the expected mix of domestic and export orders?

MR. RAJEEV GOPAL: Order flow in August/September has been good primarily for the unorganized sector boosted by the stocking up for the upcoming festival season. Export orders have also started coming in with the opening up of markets in key consuming countries of EU, UK, USA. Some shift in sourcing away from China is also benefitting the Indian T&A industry.

TT: What are the main challenges you foresee for the VSF industry in the current financial year?

MR. RAJEEV GOPAL: Demand for speciality fibres like Dyed, Modal and Excel is still low due to consumers' preference for low cost VFM products. This will take some more time to revive. China's excess capacity in Fibres and Yarn will continue to be threat for dumping of cheap products in the Indian market hurting the domestic industry.

TT: How has the crisis made you rethink your business strategy?

MR. RAJEEV GOPAL: Focus has to remain on servicing customer and consumer requirements with the best in class innovative products with a sharp eye on reducing costs across the full chain

TT: Sustainability has become a public and economic concern. What is your take on sustainability in polyester industry?

MR. RAJEEV GOPAL: Sustainability will continue to remain in sharp focus for many years to come as most global and even Indian buyers are becoming very aware of the need to buy sustainable products. Polyester in its current form is not considered sustainable due to its non-degradable nature and use of resources.

TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian VSF industry play?

MR. RAJEEV GOPAL: VSF Industry in India is fully Atmanirbhar with world class capabilities in Fiber and Yarn. A lot of work has also been done in the downstream fabrication and processing though this rea needs more investments and support. India should guard against cheap and dumped imports, specially from China, into India through adequate mechanisms to ensure the wellbeing and growth of the domestic Industry.

TT: What is your take on the recent labour reforms introduced by the Indian government?

MR. RAJEEV GOPAL: This is a welcome step and should help the Industry.

TT: What kind of government support would cushion Covid's adverse impact on your industry?

MR. RAJEEV GOPAL: Guarding against cheap and unhindered imports of Fiber, yarn and fabrics.

TT: What could be the impact of a China-US trade war on Indian textile industry in general and VSF industry in particular?

MR. RAJEEV GOPAL: Will benefit the Indian Textile and Apparel industry.

TT: What is your short to medium-term outlook for the Indian VSF industry?

MR. RAJEEV GOPAL: The Industry will grow and do well as long as a mechanism against cheap imports is implemented quickly.

Uniform GST structure @ 5% on entire value chain is imperative for growth

Mr. Anil Gupta, Chairman & Managing Director**, Wellknown Polyesters Limited** in Q&A with Tecoya Trend**.**

TT: The corona virus pandemic has wrought havoc on the Indian textile industry. How has it affected the Indian polyester industry?

MR. ANIL GUPTA: Indian textiles industry is no exception and is hit hard by the pandemic. There was a nearly complete shut down for a period of about 4 -5month. Imports of in–transit raw materials, chemicals and capital goods arrived at the port and there was no way to move the same to the factory resulting into heavy demurrages and detention charges. On the other hand, overseas buyers refused to accept the in-transit exports and we had to pay heavy discounts.

There was no revenue generation while the expenses like wages, salary, electricity bill, rental, interest meter on loans etc. continued. Recovery of debts from the market slowed down significantly while the outstanding payment to big suppliers against raw material purchases had to be remitted on time. All this led to an unprecedented hardship for the polyester industry.

TT: How is the demand pattern of polyester intermediates (PX, PTA and MEG) in the domestic market after the lifting of the lockdowns?

MR. ANIL GUPTA: Demand for PTA and MEG picked up from Sept because previous 4-5 months had gone completely blank. Downstream pipeline was empty. Polyester manufacturers ramped up their plant operation rather quickly.

There was a sudden spike in PTA and MEG demand in the country. There were no imports in the pipeline. Domestic PTA and MEG plants took time to return back to full operation resulting into temporary shortage of raw material in the domestic market.

TT: How is the current production and price trend of PSF, POY, DTY and FDY?

MR. ANIL GUPTA: Current domestic demand for polyester yarns (POY, DTY, FDY) is healthy. However, PSF is still suffering and margins are squeezed. PSF sector needs government support for its survival. Several representations have been made at different levels for protecting this sector by taking necessary measures to check the imports.

It is globally recognized that China has huge surplus capacity and dump its surpluses at any prices in the rest of the world particularly in India on account of huge demand and geographic proximity. This has resulted in underutilization of the domestic capacities in India. The Polyester Industry have been operating below 70% even during the Pre-COVID-19 period which is highly un-remunerative, it being a capital intensive sector.

We hope concerned authorities will take cognizance of it and raise import duty on PSF from existing 5% to 10%.

TT: What is your opinion on order inflow in the coming months? What is the expected mix of domestic and export orders?

MR. ANIL GUPTA: Pandemic has significantly slowed down the world economy. This has impacted both domestic as well as global textiles demand.

As such Indian textiles industry has enormous growth potential. I believe pandemic impact on Indian textiles industry will be largely mitigated by government support.

TT: What are the main challenges you foresee for the polyester industry in the current financial year?

MR. ANIL GUPTA: There are certain challenges relating to the disruption of supply chain. International trade flow between different regions in world has disturbed. As a result, availability of empty containers at different locations and vessel space has gone tight. There is phenomenal increase in the freight rates making imports of raw material difficult.

There are other challenges such as workers' shortage, uncertain demand outlook and liquidity tightness. But we are confident that with the active support of Government, textiles industry will be able to meet these challenges.

TT: How is the polyester industry dealing with migrant crisis and how does it plan to retain and bring back workers?

MR. ANIL GUPTA: Industry has made all out efforts to bring back the workers. Arranging transportation facility, sending the teams to meet the worker and their families and giving them confidence of taking adequate measures of their protection and safety are some of them.

Lot many workers have returned back. Still there is some shortage of skilled workers. But people are gradually learning to live with COVID-19. We hope this issue will get resolved in the coming months.

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Dented financial strength is a big challenge

Mr. S. K. Khandelia, President & CEO, **Sutlej Textiles and Industries Ltd. in** Q&A with Tecoya Trend

TT: The corona virus pandemic has wrought havoc on the Indian textile and apparel industry. How has it affected the Indian Blended Yarn Industry?

MR. S. K. KHANDELIA: Covid19 Corona Virus Pandemic termed as BLACK SWAN event which means a crisis totally unpredictable, rarest of rare, which causes catastrophic damages to economies and businesses. It has engulfed the entire world and India is no exception to it.

The Pandemic has wrought havoc on the Indian Textile & Clothing Industry in general and more severely on blended yarn spinners. Dyed blended yarn spinners are the worst impacted due to very poor / negligible demand for such yarns which are mainly used for formal wear, school uniform and such other uses.

Offices were closed, social events, marriage functions and such other gatherings were totally stopped during the lock down and thereafter started at a very slow pace with very limited presence of people. Schools remained closed. Situation is same in India and other countries. Consequently, domestic as well as export demand for blended yarns, fabrics and garments were very adversely impacted.

After lifting of the lock down, blended yarn spinners resumed partial operations which were subsequently ramped up. However, full capacity is still to be achieved. Reverse migration of labour also affected working of mills. Such under-utilization of capacity has resulted in huge financial losses on account of fixed expenses and contribution loss. Besides, inventories piled up and yarn rates nose-dived resulting in huge stock losses.

Blended yarn industry was already struggling before Covid since last 2-3 years due to one reason or the other like inverted duty structure, drastic reduction in export incentives, non-availability of raw materials at international rates, structural issues like high cost of power, finance, logistic etc., eroding the competitiveness of the industry. This pandemic has broken the back of the industry.

TT: What kind of raw material price trend (PSF and VSF) has been until now and how do you foresee in the coming months.

MR. S. K. KHANDELIA: On the back of significant decrease in rates of Polyester Staple Fibre in international markets in the beginning of the current financial year, i.e., in April 2020, the domestic rates also decreased and almost same position continued till recently. In October 2020, international rates increased by about 10 cents and accordingly domestic rates also increased by Rs.6/- per kg. in last one month.

Similarly Viscose Staple Fibre rates also decreased in international markets and consequently domestic VSF rates also decreased.

In coming months, I expect PSF and VSF rates to remain range bound.

TT: What are the main problems and prospects you foresee for the Blended Yarn Industry in the current financial year?

MR. S. K. KHANDELIA: Mounting losses due to aforesaid reasons have dented financial strength of the blended yarn spinners. Though, some movement of blended yarn for formal wear segment has started in October but, still it is like a drop in ocean. Schools are still closed, offices are having partial attendance and work from home has become new normal. Restriction on number of people in marriage functions and social gatherings are continuing. Consumer behaviour has changed and they are not spending on clothings being discretionary purchases items due to fall in their income and uncertainty about vaccination against the virus. These reasons are hindering the demand revival causing anxiety to blended yarn spinners.

Until and unless vaccine comes, I don't foresee any major change in the situation from present level. Though, a little improvement may be visible in remaining months of this financial year.

Overall this financial year has been a complete wash out.

TT: What is the Blended Yarn Industry's biggest challenge now?

MR. S. K. KHANDELIA: The biggest challenge being faced by the blended yarn industry now is getting back to normal demand, yarn rates and margins at least of pre-Covid level in domestic and export markets. Indian players are not expecting these to materialise before last quarter of next financial year i.e., January-March, 2022.

Another challenge is dented financial strength of blended yarn spinners and downstream manufacturers and retailers.

TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian Blended Yarn Industry Value Chain play?

MR. S. K. KHANDELIA: Indian blended yarn industry and

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Indian textiles industry needs to gear up to handle large scale orders on a timely basis

Mr. Prashant Mohota, Managing Director, **Gimatex Industries** in Q&A with Tecoya Trend

TT: The corona virus pandemic has wrought havoc on the Indian textile and apparel industry. How has it affected the Indian Blended Yarn Industry?

MR. PRASHANT MOHOTA: Corona Virus Pandemic resulted into several periods of lockdown which required Citizens to restrict themselves to home environment thus preventing public events, family outings etc. Also it resulted into many offices remaining closed with WFH facility and all schools remaining closed. All these resulted into a big change in buying pattern of the customers with minimum requirement of work wear which is where we have maximum usage of Blended yarns. People became much more environment & hygiene conscious which is resulting more usage of Cotton based products along with other Sustainable MMF based textiles. Payment realization became very poor due to no product offtake and overall credit cycle got terribly disturbed

TT: What kind of raw material price trend (PSF and VSF) has been until now and how do you foresee in the coming months.

MR. PRASHANT MOHOTA: Both PSF & VSF had a very stable pricing during the Lockdown period starting from March 2020. Demand remained very subdued, inspite of very low prices, which further obstructed any price increase both on Fibre, Yarn & Fabric front.

Now when the festival season has come, we see good demand on all fronts, but particularly for Winter wear, which is where PSF & VSF both have good applications. Prices have started climbing along with better capacity utilization on Yarn & Fabric manufacturing.

TT: What are the main problems and prospects you foresee for the Blended Yarn Industry in the current financial year?

MR. PRASHANT MOHOTA: Upsurge in import, Payment recovery, Demand Sluggishness are the main problems being currently faced. Prospects might improve depending on China factor and correction in Inverted Duty Structure, removal of ADD helping availability of fibres at International Prices, Increase in Custom Duty of yarns, finalizing appropriate RODTEP rates(which replaces MEIS benefit shortly) to spur exports growth etc.

TT: What is the Blended Yarn Industry's biggest challenge now?

MR. PRASHANT MOHOTA: Biggest challenge for us as an Indian MMF industry to convince buyers in presenting India as a viable alternative destination to China. India needs to deliver low cost, right quality products in reasonable time lines so as to attract large MMF consuming buyers towards India. Also it is very important now to present MMF products as more sustainable and less environment damaging compared to Cotton and other Natural fibres.

TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian Blended Yarn Industry Value Chain play?

MR. PRASHANT MOHOTA: As has already been highlighted before, Aatmanirbharta means presenting India as a reliable part of supply chain, self – sufficient in itself. Currently Indian Blended Industry is plagued with problems like Import of fibres & yarns, which need to be reduced by removing various anomalies in FTA, Custom Duty Structure, GST Inverted duty structure etc. It is also very vital for India to become an export hub by showcasing itself as a capable choice for MMF based products along with collaborating with foreign companies as viable investment option for setting up their production & R&D bases. With Invest – India campaign government will have to attract investment in advanced textile machinery, downstream processing of fabrics and large scale garmenting facilities.

TT: What kind of government support would cushion Covid's adverse impact on Blended Yarn Industry?

MR. PRASHANT MOHOTA: Government can support the industry by helping them by releasing government dues like TUFS & other State government benefits, correcting GST inverted duty structure, reviewing the FTAs with several countries, monitoring the increase in imports of certain items and curtailing their flow etc.

TT: There is rampant imports of yarn, fabrics and garments into India at zero duty or negligible duty rates under various agreements. What do you suggest to curb the unfettered imports?

MR. PRASHANT MOHOTA: True, this has been the most unfortunate story of Indian Textiles. Inspite of having availability of large scale capacities in all sectors of textiles, we end up

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Biased tariffs on raw material imports including the GST on fibre needs to be resolved

Mr. Durai Palanisamy, Exsecutive Director, **Pallavaa Group** in Q&A with Tecoya Trend

TT: The corona virus pandemic has wrought havoc on the Indian textile and apparel industry. How has it affected the Indian Viscose Yarn Industry?

MR. DURAI PALANISAMY: The closure of active markets such as EU, UK and USA has forced their regular suppliers of East Asian countries to scout for relatively active market like India which has resulted in very low price for imported viscose yarns forcing the domestic spinners to very very low price and just to keep their neck above water.

TT: What kind of raw material price trend of VSF has been until now and how do you foresee in the coming months.

MR. DURAI PALANISAMY: The price should move up in the coming months as the momentum has picked up in the yarn sales

TT: What are the main problems and prospects you foresee for the Viscose Yarn Industry in the current financial year?

MR. DURAI PALANISAMY: The consistency in the consumption should only decide the course of prospects of viscose yarn. I personally hope that the 2nd half of FY2020-21 should operate in full capacity bringing adequate income. However, the second wave of COVID-19 in Europe should quickly subside and similarly within India there shouldn't be another COVID-19 wave.

TT: What is the Viscose Yarn Industry's biggest challenge now?

MR. DURAI PALANISAMY: The surge in viscose yarn imports often disturbs the stability of yarn spinners' margins which is further become an irreparable notion owing to curbs in securing viscose staple fibre at the international price level. There's a disparity in price compared to international price and also insufficient raw material availability in India is a point of concern.

TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian Viscose Yarn Industry Value Chain play?

MR. DURAI PALANISAMY: The production capacity in India should increase by 20 ~ 25% to meet the growing demand in VSF and also value added products should be made to the international quality

TT: What kind of government support would cushion Covid's adverse impact on Viscose Yarn Industry?

MR. DURAI PALANISAMY: The long pending demand for reducing the GST on MMFC – viscose fibre would help ease on the cost of purchase which is locked for a longer period.

TT: There is rampant imports of yarn, fabrics and garments into India at zero duty or negligible duty rates under various agreements. What do you suggest to curb the unfettered imports?

MR. DURAI PALANISAMY: The market place decides the imports due to inadequate supply and / or price competitiveness in the domestic fibre industry which reflects in the upstream industries in the supply chain.

Restrictions on the import of upstream products should continue whereas the base raw material should be freed from restricted duties and tariffs. This has to be relooked and the adversity should be addressed.

TT: Textile Sustainability has become a public and economic concern. What is your take on sustainability?

MR. DURAI PALANISAMY: This is very important and profits cannot put the sustainability at the back seat. Awareness across the supply chain has increased phenomenally in the last couple of years which as shown increased demand in FSC viscose fibre. We care sure supporting the fibre industry by buying premium fibres which are sustainable and also invest on the systems such as FSC certification and Higg's index evaluations. We are open to fibres of higher recycled (pre and post consumer) fibre content.

TT: What is your short to medium-term outlook for the Indian Viscose Yarn Industry?

MR. DURAI PALANISAMY: In short term its lucrative due to COVID-19's disturbed equations amongst Chinese origin esp., to the west. In the medium term – we need to address the biased tariffs on raw material imports including the GST on fibre. With respect to Tamil Nadu we are in need of good processing units to handle viscose fibre products.

Branded Indian cotton will reduce import dependency

Mr. Pradeep Agarwal, Chairman-cum-Managing Director, **The Cotton Corporation of India Ltd.** in Q&A with Tecoya Trend

TT: The corona virus pandemic has wrought havoc on the Indian textile industry. How has it affected the Indian cotton industry?

MR. PRADEEP AGARWAL: COVID-19 pandemic has come as a shock to the society, healthcare system and economic activities worldwide. The supply chain of textile raw materials including cotton, intermediaries and production of finished cotton products around the world were significantly affected due to Outbreak of COVID-19. As a result, there was a fall in domestic and international cotton consumption which resulted in sudden decline in cotton prices globally and fall in demand for cotton bales both at domestic and international level. In such scenario, CCI, being a nodal agency of Govt. of India supported the cotton farmers by procuring cotton under MSP operations to safeguard the cotton farmers from distress sales during lockdown period.

TT: How has been the performance of Indian cotton during 2019-2020 season and what are your cotton production, consumption and export estimates during 2020-21 cotton season?

MR. PRADEEP AGARWAL: During cotton season 2019-20, area under cotton cultivation increased by 6% to 133.73 lakh hectares as against previous year's area of 126.14 lakh hectares. As a result, cotton production also increased by 8% to 357 lakh bales as against previous year's production of 330 lakh bales.

For cotton season 2020-21, sowing has almost been completed in all major cotton growing states and area under cotton is expected to remain almost at par with cotton season 2019-20 i.e. 133 lakh hectares. Accordingly, Production is also expected to remain at around 360 lakh bales.

As per International Cotton Advisory Board latest reports, World cotton consumption to recover by 6% to 24.34 million metric tons as against 22.87 Million metric tons during 2019-20 assuming that mills have gradually started their operations. Accordingly, consumption of cotton in India is also expected to increase in comparison to cotton season 2019-20.

As Indian cotton prices are most competitive in the present scenario, therefore, ample export opportunities are available for export of cotton, yarn and textile products. As a result, import may remain almost at par with cotton season 2019-20 for specific variety of cotton by textile mills and export may increase by 25% to 30% from its present level of 50 lakh bales.

TT: What are the main problems and prospects you foresee for the cotton industry in the current financial year?

MR. PRADEEP AGARWAL: For the cotton season 2020-21, Government of India has increased the Minimum Support Price (MSP) of cotton by around 5% as against cotton season 2019-20. Besides this, the estimated carryover stock of 105.44 lakh bales for cotton season 2019-20 may also affect the cotton prices. Thus, it is expected that kapas prices may remain depressed initially and CCI may have to undertake large MSP operations in all cotton growing states. CCI has already started procurement under MSP operations in Northern states and so far have procured around one lakh bales.

Due to this pandemic, businesses and supply chains are witnessing a drastic shift from the traditional products to new products such as PPEs, N-95 masks, technical textiles, synthetic material etc. This situation will stimulate the sustainability and environmental consciousness in the textile sector which is a golden opportunity for cotton to be the most important constituent of textile products globally.

Leading market brands and cotton consuming industry, instead of importing cotton from other countries, may come together to strategize and implement more sustainable ways of cotton production in collaboration with the cotton research institutes and farmers.

Due to good quality, sustainability and competitive pricing, Indian cotton and textiles would improve its brand image in the world and export of cotton and textile products may increase.

TT: What is the cotton industry's biggest challenge now?

MR. PRADEEP AGARWAL: Though India is one of the largest producer, consumer and exporter of cotton in the World; however, productivity, irrigation facilities, fragmented small land holdings, trash, admixture and contamination in cotton are the biggest challenges for Indian cotton industry. Government of India has made all out efforts to develop the infrastructure to overcome the above challenges.

TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian cotton industry play?

MR. PRADEEP AGARWAL: India has embraced 'atmanirbhar' or 'self-reliance' as a development strategy to reboot the Indian economy in the post-COVID world. The cotton and textiles sector is gearing up for making the 'atmanirbhar' path a success keeping in view that no nation can fully isolate itself from

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take less
give more

VFY to witness higher consumer preference in future

Mr. Omprakash Chitlange, CEO, **Grasim Industries Limited (VFY – Fashion Yarn Business)** in Q&A with Tecoya Trend

TT: The corona virus pandemic has wrought havoc on the Indian textile industry. How has it affected the Indian viscose filament yarn (VFY) industry?

MR. OMPRAKASH CHITLANGE: The Indian Textile Industry is the second largest second largest source of employment in the country providing employment to nearly 4.5 crore workers. The industry also contributes significantly in exports earnings. The COVID-19 pandemic was a major blow to the textile industry with the consumer demand and retail sales shrinking worldwide. The pandemic also led to migrations of workers from major textile manufacturing centres resulting in closure of yarn, weaving and garment plants and factories. The negative demand across domestic & international markets resulted to almost a complete halt of industry.

The Viscose Filament Yarn (VFY) industry was equally impacted. Contraction of demand, a complete shutdown in retail activities and exports, disruption to near halt condition in production due to lockdown intensified by migration of workforce from key textile hubs etc. have affected the industry in an unprecedented manner in the initial phase of lockdown.

TT: How is the demand pattern of (VFY) in the domestic market after the lifting of the lockdowns?

MR. OMPRAKASH CHITLANGE: Post lockdown, the textile industry is trying to make a quick comeback. While the challenges of resuming to pre-Covid levels are many, most of our weavers and value chain partners are resuming production, in spite of some initial difficulties owing to initial migration of workforce. Since the pipeline for downstream is dry and retail is yet to pick up in full swing, with key metros still struggling with the ensuing pandemic, the fabric demand is gradually picking up in domestic and with markets opening up across the world. Hence, we are seeing an upswing in yarn requirement for fabric production

TT: What is your opinion on order inflow in the coming months? What is the expected mix of domestic and export orders?

MR. OMPRAKASH CHITLANGE: As per many reports and recent researches, consumers have reached a fatigue with the continued lockdown and a pessimistic forecast. People are waiting to resume to normal and this can be good news to the textile and retail industry. We can expect a gradual positive shift in the coming months. Also, festivities and marriage season in India is expected to resume and can boost positive sentiments. Orders look to resume; however, the industry is in a wait and watch mode, producing established qualities. Domestic market for evergreen fabrics like Chiffon, Upada, Crepe, Chinnon, Organza and Georgette look more promising.

TT: What are the main challenges you foresee for the VFY industry in the current financial year?

MR. OMPRAKASH CHITLANGE: Viscose filament yarn is a premium yarn driven by women's wear fashion. Reduction in retail sales for apparel would surely impact demand for VFY globally in line with other textile ingredients. In India, increasing imports from China is a big challenge in the upcoming months especially considering the reduced demand levels. During lock down, the Chinese plants have been running at high capacity and their inventory levels have increased significantly and now may increase exports to India at very competitive prices leading to price pressures.

TT: How has the crisis made you rethink your business strategy?

MR. OMPRAKASH CHITLANGE: To me, crisis is the germination bed for new business models, new strategies and in many ways a new start. It jolts and questions age-old ways of working and forces each one to be resilient and agile. At our organization, Health and Safety of employees and workers has been the top most priority. Special Covid-19 safety norms and workplace guidelines in line with the Government of India and WHO have been institutionalized through adequate presentations and training. Our community initiatives have contributed to environment in and around our factories to be as safe as possible.

Digitization has been yet another pillar. This pandemic induced lockdown has also led to new ways of connecting with our customers through digital means. In September, we even conducted our first pan India VFY customer meet through a virtual platform.

Being future ready is the third strategic focus area. Be it development of new products like antimicrobial textiles or new supply chain processes, or operating practices in the new norms with reduced manpower, this has been truly like an ocean with choppy waters that had to be sailed through.

TT: Sustainability has become a public and economic concern. What is your take on sustainability in VFY industry?

MR. OMPRAKASH CHITLANGE: Sustainability is a necessity of today. Across the world, the focus on sustainability is upbeat and textile sustainability should be given prime importance. On the process front, at our VFY manufacturing

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Embrace the strategy of redefining value

Dr. K. V. Srinivasan, Chairman, **Texprocil**, in Q&A with Tecoya Trend

TT: The coronavirus pandemic has wrought havoc on the Indian textile and apparel industry. How has it affected the exports of cotton textile exports (yarn, fabrics and made-ups)?

DR. K. V. SRINIVASAN: In the wake of the recent developments, textile firms worldwide are adopting a new 360 degrees approach aimed at a total re-evaluation of their business models, post the recent pandemic. In India, the impact of COVID-19 has left everyone in the textile industry thinking about whether they are large enough to take on the opportunities and how they can overcome the issues of saving lives and ensuring livelihoods arising from the spreading pandemic.

Due to the prolonged shut downs across the world and near panic situation exports of cotton textiles (yarn, fabrics and made-ups) also showed sharp declines of nearly 80% during April and 46% in May during this year. As trade resumed, exports started picking up in the subsequent months rising by 4.5 % in June and increasing to 15% in September.

TT:. What is your opinion on export order inflow this financial year?

DR. K. V. SRINIVASAN: Looking at the current state of export order flow, there are some visible signs that the disruption in India's supply chain is gradually being repaired. As we await the country's trade to return to a semblance of greater normalcy, the signs of recovery seen in September exports hopefully bear good tidings in the remaining months of the FY 2020-2021.

TT: What is the cotton textile exporters' biggest challenge now?

DR. K. V. SRINIVASAN: The biggest challenge before the cotton textile exporters is to stay competitive in the post COVID-19 era as reduction in demand continues to intensify the global competition. They are faced with stifling challenges including stressed finances, reduction in consumption and labour shortages leading to disruptions in the entire value chain.

The resultant unutilized capacity could lead to tighter margins which are likely to be reduced by 15% to 20% during FY 2020 - 2021.

TT: What kind of government support would cushion COVID's adverse impact on cotton textile exporters?

DR. K. V. SRINIVASAN: The various initiatives undertaken by the Government to mitigate COVID-19 impact have been well appreciated by the entire exporters' community. Based on the feedback received from the Members, the Council has been making representations on the support required by the textile exporters.

Apart from the various requests made, the Council has time and again impressed upon the Government the need for the entire textile value chain, including cotton yarn, to be considered for eligible refund of duties and taxes under the RODTEP Scheme.

TT: What is your opinion on the recent agriculture reforms introduced by the Indian government?

DR. K. V. SRINIVASAN: To meet the challenge of realization of profitable returns on farm investments, the farmers need to be supported by a post-production environment that lets them sell all their marketable surpluses at remunerative prices. In this direction, the agriculture reforms undertaken by the Government are a progressive step forward that releases the farmers from the dilemma of restrictive trade practices and monopoly operations by a few marketing yards. The agricultural reforms have opened new vistas of trading for the farmers who can realise remunerative prices for their products.

With more favorable laws in place, cotton textile exporting firms can also look forward to reaching out to the farmers for 'contract farming' and work closely with them on farm development goals that assure better productivity and yields. They can also plan the value-additions to the crop by growing 'ELS Cotton' which will not only fetch a better price for the farmers, but also reduce the country's import dependence for this product by ensuring better availability of this home grown variety.

TT: What is your take on the recent labour reforms introduced by the Indian government?

DR. K. V. SRINIVASAN: The far reaching changes in Labour Laws have a direct bearing on labour intensive sectors like Textiles and Clothing where 'Labour' accounts for almost 15-20% of the manufacturing cost. By progressively dismantling archaic labour laws, the government is vying to accomplish the national obligation of creating more jobs and improving working conditions of the labour force.

The reforms propose significant changes not only for the Employers but also the Employees. With the threshold increased to 300 workers, now even bigger companies need not seek permission for retrenchment or closures. The acceptance of "fixed term employment" will enable the fashion industry to plan for the needs of seasonal demand.

At the same time, a provision has been made for serving

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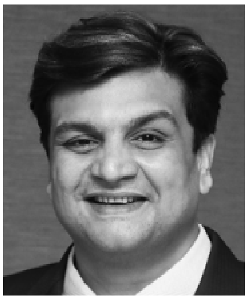
Exports are slowly coming back on track

Mr. Ronak Rughani, Chairman, **SRTEPC** in Q&A with Tecoya Trend



TT: The corona virus pandemic has brought havoc on the Indian textile and apparel industry. How has it affected the exports of synthetic and rayon textile exports (yarn, fabrics and made-ups)?

MR. RONAK RUGHANI: Nationwide lockdown and social distancing brought down production activities in the entire textile value chain into a standstill. It also crippled the logistics including paralyzing the shipping lines.

Cancelled export orders coupled with stopped factory activities have increased financial burden and adversely impacted economic positions of the manufacturers & exporters. Logistical difficulties for shipping the goods as well as difficulties in preparation, dispatching, processing of the trade documents have resulted undue long delay in shipment of the goods.

As per latest data released by the DGCI&S, total exports declined by 46.51% during April – August 2020 as compared to the corresponding period of the previous year. However, there are signs of improvement in exports. The decline in exports have narrowed down and improved to 46.51% in April – August from the decline of 60.34% in April-June, and decline of 72.53% during April – May 2020 as compared to the corresponding periods of the previous year.

Exports of MMF have declined 60.23% during April-August 2020 as compared to the same period of the previous year, exports of MMF yarn declined of 49.71%, exports of MMF fabrics have declined 49.12% and MMF made-ups declined of 33.89% during the observed period. The worst hit period for exports is yet to get over but exports are slowly coming back on track.

TT: What is your opinion on export order inflow this financial year?

MR. RONAK RUGHANI: As mentioned above, during the initial months of COVID-19 outbreak, almost entire export orders were either cancelled or deferred. This is not only for India but for the entire world as everything became standstill due to restrictions on movement. Only recently export orders have started coming in and it is expected that export orders will be substantially up in the last two quarters of the current financial year.

TT: What is the synthetic and rayon textile exporters biggest challenge now?

MR. RONAK RUGHANI: Some of the challenges that the exporters are facing currently are **high freight charges.** Because of high freight charges exporters are facing additional financial burden as they are already impacted because of COVID-19 pandemic. Moreover, there is scarcity/ shortage of empty containers at the ports. It is also understood that the shipping lines are in discussion to bringing empty containers into India and they are likely to levy additional US$150-200 across all customers. Therefore, it is suggested that the Government and Ministries viz., Ministry of Commerce and Industry, Ministry of Shipping, Ministry of Textiles, etc. need to intervene with regards to regulating the freight costs and also ensuring availability of empty containers without any additional costs.

Appreciating Dollar is also a challenge which is impacting our exports. During 1st May to 11th October 2020, Indian Rupee has appreciated around 4% against US Dollar. Appreciating Rupee has been impacting severely on export realisation for the country. Due to volatility in exchange rate, exporters are facing difficulties in concluding export orders. Therefore, it is requested that Government needs to put in place a mechanism to have ensured a stable exchange rate regime.

Inverted Duty Structure existing in the MMF textile Segment. Under the GST regime, there exists inverted duty structure in the MMF textile segment because of which ITC accumulation is huge which are neither refunded nor useable. This Inverted Duty Structure blocks huge amount of working capital and adversely impact on financial position of the exporters. It has significant bearing on competitiveness of our exports globally. Therefore, it is urgent to rectify this Inverted Duty Structure in the MMF textiles segment. This has been a long pending issue that SRTEPC is continuously taking up at various forums.

TT: What kind of government support would cushion COVID's adverse impact on synthetic and rayon textile exporters?

MR. RONAK RUGHANI: Some of the urgent policy support that would cushion COVID's adverse impact on synthetic and rayon textile exporters would be -

Include entire MMF textile value chain under the RoDTEP Scheme. The MMF textile segment is fragmented and decentralized. All the manufacturing activities such as fibre, yarn, weaving, processing, dying, finishing, and other value addition, etc. are done in different units / entities. Therefore, to encourage growth of the entire MMF textile value chain it is important to

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Consumer sentiment is the driving force

Mr. Ashwin Chandran, Chairman, **SIMA** in Q&A with Tecoya Trend

TT: The corona virus pandemic has wrought havoc on the Indian textile and apparel industry. How has it affected the Indian cotton textile value chain?

MR. ASHWIN CHANDRAN: The COVID-19 pandemic is an international crisis and the industries in India are also forced to bear the brunt of the same. Textile industry has also been severely impacted. The Indian Textile and Apparel (T&A) industry with shrinking performance in FY20-21 is likely to be at multi-year lows. Amidst drop in consumption, cancellation of orders by brands, fall in prices of raw material due to reduced demand, pressure on realizations as well as contribution margins, the operating income of Indian T&A industry is estimated to decline by 15-20% on a Y-o-Y basis.

Delays in payments have led to the stagnation of cash flow at all levels resulting in working capital issues. Sudden closure of factories has also tested the financial strength of the manufacturers creating difficulties in payment of wages during the idle-time; the return of migrant workers to their native places posed new challenges to the factories.

On the raw material side, reduced consumption has led to price fluctuations and stock pressures. India's T&A exports have significantly declined over the past few months due to fall in demand from various countries.

The pandemic induced lockdown has also impacted the cotton demand, impacting the livelihoods of lakhs of cotton farmers. This would also have very serious impact on CCI that has a stock of over 100 lakh bales of cotton procured under MSP during the current cotton season at prices that are much higher than current market prices.

India's textiles and apparel exports declined by a staggering 45 per cent between April 2020 and July 2020. The sharp decline in India's textiles and apparel exports has impacted the entire value chain, including cotton farmers, ginners, spinning mills and fabric manufacturers. A number of them have incurred unrecoverable losses due to the slow off take and high fixed cost of manufacturing, of which, majority of mills would not be able to survive.

India's export of cotton yarn, cotton fabrics and RMG of cotton declined by 20%, 35% and 53% respectively for the period between April 2020 and July 2020 compared to corresponding period last year.

See TABLE 1 - India's Textiles and Apparels Export performance (Values in USD Mn)

In the midst of the COVID scenario, the cotton price has steeply reduced (international price from Rs.122 to Rs.116 per kg and domestic price from Rs.110 to 98 per kg). The current Indian cotton price is slightly lower than international price. We do not foresee any demand in the near future as the spinning mills in India already have 1 to 2 months stock and have totally eroded their working capital. While mills might find it difficult to exhaust the holding cotton, they might procure some volume, if the market price is very attractive to reduce the mixing cost. Until normal business conditions resume, the off-take for raw cotton both in the domestic as well as in the international market would be very poor.

As a representative body, the Association has appealed to the Central Government to announce a special scheme to boost cotton consumption, which would consequently support the textile value chain, thus paving way for tiding over the current crisis.

TT: How has been the performance of raw cotton during 2019-

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India's Textiles and Apparels Export performance (Values in USD Mn)

Month	Cotton Yarn/Fabs/ Mad-ups, H'loom etc.		% Change	Man-made yarn/Fabs/ Made-ups, etc		% Change	RMG of all textiles		% Change
	2019	2020		2019	2020		2019	2020	
Mar	1045.79	709.47	-32.16	465.78	350.17	-24.82	1717.58	1118.05	-34.91
Apr	844.22	148.11	-82.46	388.61	61.76	-84.11	1409.53	126.31	-91.04
May	884.95	464.88	-47.47	403.24	166.84	-58.63	1528.02	516.63	-66.19
Jun	791.68	761.38	-3.83	363.14	247.02	-31.98	1232.87	803.37	-34.84
Jul	824.01	885.32	7.44	399.32	306.16	-23.33	1364.67	1063.17	-22.09
Aug	832.14	828.63	-0.42	399.39	302.63	-24.23	1260.32	1083.89	-14.00
Sep	807.58	931.88	15.39	395.08	359.05	-9.12	1079.79	1190.14	10.22

Spandex is becoming integral part of wardrobe

By Shalendra Vasudeva, Chief Marketing Officer, **Indorama Industries Limited**

Spandex has become integral part of modern day clothing among young population all over the world.

Indian demographics having a low median age has been embracing spandex with open arms and Indian industry has been registering annual growth of over 9% since past 10 years. This trend is expected to continue with new living and working norms, induced by COVID-19.

INVIYA, which started it's journey as spandex brand of first company in Indian subcontinent already offers different kind of spandex to meet the functional requirements of garments, which has been thoughtfully crafted after interaction with wide range of stakeholders & users.

The diverse choices of fashion & lifestyle, which are unique for each individual has been a motivating force for us to offer something unique and valuable to clothing fraternity. INVIYA is pleased to launch STOLID variant of proprietary I-400 polymer, which is being produced at it's manufacturing facility at Baddi, Himachal Pradesh.

Optically alluring- yet invisible, light weight – yet imparting excellent recovery & dimensional stability, contemporary- yet fits like second skin, INVIYA- STOLID is all set to revolutionize the sheer hosiery, intimate apparels, compression wear segments in your wardrobe collection.

STOLID – literally meaning "exhibiting little or no brightness" in this context, is the duller version of INVIYA spandex, which dutifully performs functionality of stretch/recovery with elimination of grin through effect in the garments.

Grin through effect – PrintWiki defines it "a decrease in colour strength of printed textiles caused by a stretching of the fabric surface, resulting in the unprinted fibers showing though the printed image".

Grin through has been an area of concern for clothing & fashion industry, while they had to deal with deeper shades including dope dyed polyester/nylon as hard yarns, when industry used brighter spandex for this kind of fabric, as available with most of the spandex producers.

Indorama has addressed this concern by modification of it's polymer and rendered the properties of dullness in it and crafted duller version, INVIYA STOLID.

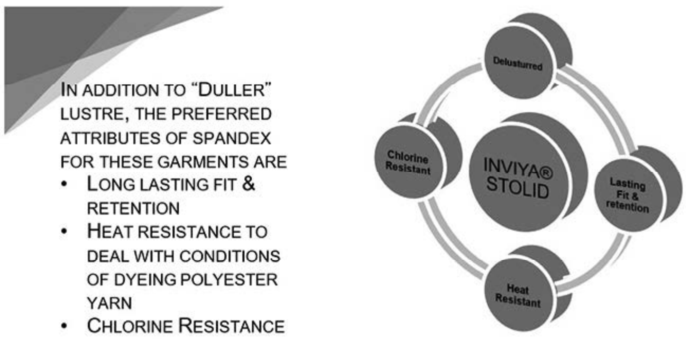
Currently this is produced in finer denier products like 20/30 and 40 Denier for knits application.

The value derivative of STOLID for supply chain and end customers would be:

* Elimination of grin-through & color uniformity, while stretched.
* Deeper shades while used with Synthetics.
* Improvement in color reflection of fabric surface due to compatible L/A/B value of STOLID and other hard yarns.
* Reduction in Moire effect on fabric
* Minimisation of barre in the fabric, while used with micro denier synthetic yarns.

These prepositions of STOLID can be best exploited in

* Yoga Wear
* Sheer Hosiery
* Intimate Apparel
* Compression garments
* Cycling gear
* Beachwear



INVIYA STOLID is variant of INVIYA's I-400 and this proprietary polymer has high power, which leads to lasting fit & shape retention, it is resistant to heat & dyes with Polyester at 130 degrees. Apart from this, this is chlorine resistant making it suitable for swim wear/beach wear.

INVIYA STOLID is available with Indorama Industries Limited with extremely dependable technical assistance & support for product development to meet requirements of end customers based on trends of fashion and lifestyle.

Indorama invites clothing/textile fraternity to reap benefits of STOLID variant of INVIYA and provide delightful experience to end customers for their fashion & lifestyle requirements.

#

100 lakh+ bales cotton carry forward stock is a blessing

Mr. Atul S. Ganatra, President, **Cotton Association of India**, in Q&A with Tecoya Trend

TT: The corona virus pandemic has wrought havoc on the Indian textile industry. How has it affected the Indian cotton industry?

MR. ATUL GANATRA: Due to Corona virus Indian Spinning mills were closed from 21st March 2020 till 31st May 2020 and thereafter started working slowly. Overall huge losses have come to spinning mills due to lock down.

TT: How has been the performance of Indian cotton during 2019-2020 season and what are your cotton production, consumption and export estimates during 2020-21 cotton season?

MR. ATUL GANATRA: The Indian cotton performance during 2019-20 is far better than 2018-19. In 2018-19 production was 312 lakh bales and in 2019-20 production is 354.50 lakh bales as per Cotton Association of India. The consumption is estimated by us is 250 lakh bales and export estimated 50 lakh bales for 2019-20.

TT: What are the main problems and prospects you foresee for the cotton industry in the current financial year?

MR. ATUL GANATRA: For the cotton industry, ginners and traders 2019-20 was not a good year as ginners were not able to run the factories due to lock down. Also, ginners and traders made huge losses on the cotton stock stored by them due to lock down.

TT: What is the cotton industry's biggest challenge now?

MR. ATUL GANATRA: The biggest challenge for cotton industry is how to match MSP price because if ginners are buying cotton at MSP price Rs. 5,850 then cost of cotton is coming to Rs. 48,000 to Rs. 50,000 per candy.

TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian cotton industry play?

MR. ATUL GANATRA: Indian cotton industry is improving day by day and as per Prime Minister's message cotton industry will definitely perform good in the coming years.

TT: What is your opinion on the recent agriculture reforms introduced by the Indian government? What impact will it have on the Indian cotton sector?

MR. ATUL GANATRA: Actually, the Agriculture bill passed by the Indian government is good for farmers as farmers will be allowed to sell cotton in any state of India and also market cess will be reduced.

TT: What measure do you suggest to increase cotton production in India to international levels?

MR. ATUL GANATRA: To increase the production and yield of Indian cotton government has to give good facilities to the farmers like water, electricity, fertilizer and good quality seeds but unfortunately no one is able to give all this to farmers. Due to this our yield and production are lowest in the world.

TT: What kind of government support would cushion Covid's adverse impact on cotton industry?

MR. ATUL GANATRA: Government has already supported the textile industry due to the effect of Covid-19 by reducing CCI cotton rate from Rs. 47,000 to Rs. 37,000 per candy. By reducing cotton rate government has given new life to the entire cotton industry due to mills got cheap rate cotton they are able to run cotton spinning mills at 100% capacity & with good profitability

TT: What could be the impact of a China-US trade war on Indian textile industry in general and cotton industry in particular?

MR. ATUL GANATRA: China-US trade was is almost over. Today Indian cotton is getting sold 7 to 8 cents less than Australian and USA cotton due to poor bales packing and poor cotton supplied against good quality cotton sold. Actually, our Indian mills are buying cotton is far better than what we are doing export of cotton. I mean to say Indian mills are buying better quality cotton than the cotton which is exported

TT: What is your short to medium-term outlook for the Indian cotton industry?

MR. ATUL GANATRA: At present India is having around 100 lakh bales + cotton carry forward stock on 01.10.2020. This is a blessing to the Indian spinning mills as we have huge carry forward stock Indian mills will get cheap rate cotton than world market. This will be a big benefit to the Indian spinning industries. According to me 2020-21 season is a golden period for Indian cotton spinning industry.

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WE CAN CONNECT REMOTELY! WE CAN SUPPORT REMOTELY!

High MSP price is biggest challenge

Mr. Vinay Kotak, Executive Director, **Kotak Commodity Services**, in Q&A with Tecoya Trend

TT: The corona virus pandemic has wrought havoc on the Indian textile industry. How has it affected the Indian cotton industry?

MR. VINAY KOTAK: During the lock down period mill consumption fell substantially thereafter also it has recovered but not fully. We are estimating consumption 260 lac bales versus 320 lac bales last year.

TT: How has been the performance of Indian cotton during 2019-2020 season and what are your cotton production, consumption and export estimates during 2020-21 cotton season?

MR. VINAY KOTAK: 2019-20 season has ended with historically highest carryover of 115 lac bales. Estimates for 2020-21 cotton season – (in lac of 170 kg bales) production 360, consumption 320 and export 60.

TT: What are the main problems and prospects you foresee for the cotton industry in the current financial year?

MR. VINAY KOTAK: Our cotton industry including cotton gins and textile industry suffers from difficulties in working capital as well as developmental capital for new product development.

However, prospects of the textile industry are rather bright for 2020-21 season due to –

* Likely shift of sourcing from China to India by Japan, USA and Europe.

* Since USA has stopped importing any textile products from China if it is made out of Xinjiang cotton as a protest against China's suppression of Muslim population and child labour.

In order to circumvent this there has been a surge in imports of cotton, cotton yarn and fabric to China from India and thus China maintains exports to USA of finished product that are not made out of Xinjiang cotton.

TT: What is the cotton industry's biggest challenge now?

MR. VINAY KOTAK: The biggest challenge is high MSP price (in comparison to international prices) which results into a likely huge purchase of CCI. The cotton get into the huge stock so the circulatory cotton economy of India gets blocked.

TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian cotton industry play?

MR. VINAY KOTAK: Indian cotton and textile sector has immense untapped potentiality to become Aatmanibhar. To achieve the same government should give MSME advantages to cotton sector and interest rate should be reduced in order to provide cotton industry a level playing field with other competing countries.

The situation is conducive geopolitically and we can become a net exporter to many countries including China. This Astmanibhar momentum should gather force with due encouragement and can be a great contributor to the GDP of our country.

TT: What is your opinion on the recent agriculture reforms introduced by the Indian government? What impact will it have on the Indian cotton sector?

MR. VINAY KOTAK: I consider that the recent agricultural reforms introduced by Indian government can be a turning point in the development of agriculture.

With the 3 acts of agriculture reforms, we can create strong supply chain, jobs and income.

The redeeming feature of agriculture reforms is Free marketing of seed cotton which are not hampered by the traditional market yards. The result would be greater realization to farmers as it will reduce the cost.

The Contract farming in particular will enhance ELS production where big consumers and farmers can have long term contracts. The ELS production increase will prove to be a substitute to India's substantial ELS import thus benefiting the country.

The focus given to FPOs will be very helpful in increasing yield of seed cotton because FPO is a form of corporate organization that enjoys better economics, advanced technology and advantageous marketing which can benefit farmers and all.

TT: What measure do you suggest to increase cotton production in India to international levels?

MR. VINAY KOTAK: The most vital and critical point for increasing cotton production to international levels is good sowing seeds.

Most importantly control on seed price should be lifted and seed producing company should be encouraged to produce more technologically advanced seeds and supply to farmers.

The Government can give even subsidy, to farmers for advanced seeds with better yield capacity or better fibre attributes, more than the threshold prices decided by government.

Government needs also to allow import of cotton seeds having high yields from countries like Australia, USA and Isreal.

Furthermore, Private Public Partnership should be encouraged for seed production and distribution.

Contiunued on Page No. 57

Cotton production cannot increase substantially with current seeds

Mr. Shirish R.Shah, Partner**, Bhaidas Cursondas & Co** in Q&A with Tecoya Trend

TT: The corona virus pandemic has wrought havoc on the Indian textile industry. How has it affected the Indian cotton industry?

MR. SHIRISH SHAH: The Indian Textile Industry suffered due to the Lockdown on account of Corona Virus leading to slack demand and labour shortage. Consumption went down by 30 Lakh Bales from 280 Lakh Bales to 250 Lakh Bales.

However, Cotton Crop was not affected, we had a high Crop of 360 Lakh Bales, up by 30 Lakh Bales from 330 Lakh Bales (CAI) and a record Closing Stock of 105 Lakh Bales on 30.09.2020. So, the CORONA Virus did not affect the Cotton Industry, except for a lower demand.

TABLE NO 1

BALANCE SHEET In Lakh Bales of 170 Kgs (Estimate)

Particulars	Bales
Opening Stock:	**105**
Imports:	15
Crop:	378
Availability:	498
Mill Consumption:	260
SSI Consumption:	28
Non-Factory Use:	12
Domestic Offtake:	**300**
Available Surplus:	**198**
Exports:	50
Total Offtake:	350
Closing Stock:	**148**

TT: How has been the performance of Indian cotton during 2019-2020 season and what are your cotton production, consumption and export estimates during 2020-21 cotton season?

MR. SHIRISH SHAH: As mentioned above, the Indian Cotton performed well during the 2019—20 Season.

Cotton Crop: (Lakh Bales)2018-19:330, 2019-20:360, 2020-21:378. It is a bit early to estimate the Crop of 2020-21, but based on the past performance and good rains, a fair estimate can be made,. (See Table)

TT: What are the main problems and prospects you foresee for the cotton industry in the current financial year?

MR. SHIRISH SHAH: The Crop and Opening Stock are highest in recent years and the Closing Stock also appears high as shown in Table No. 2.

The higher MSP for Kapas (Seed Cotton): R.5,825/= per quintal, results in a Spot Cost of Rs. 46,300/= at a Seed price of Rs. 2,600/= per quintal. At an Exchange Rate of Rs.73.25 per US $ the Spot Cost is: 80.59 US cents per lb, which is almost 7 Cents above the World price. However, the Market price today is about Rs. 40,000/= per Candy, which is about 5 Cents below the World price. This will encourage Exports. This wide difference is due to the fact that the Kapas price is in the range of Rs. 4,800/= to Rs. 5,100/- per quintal, much below the MSP.

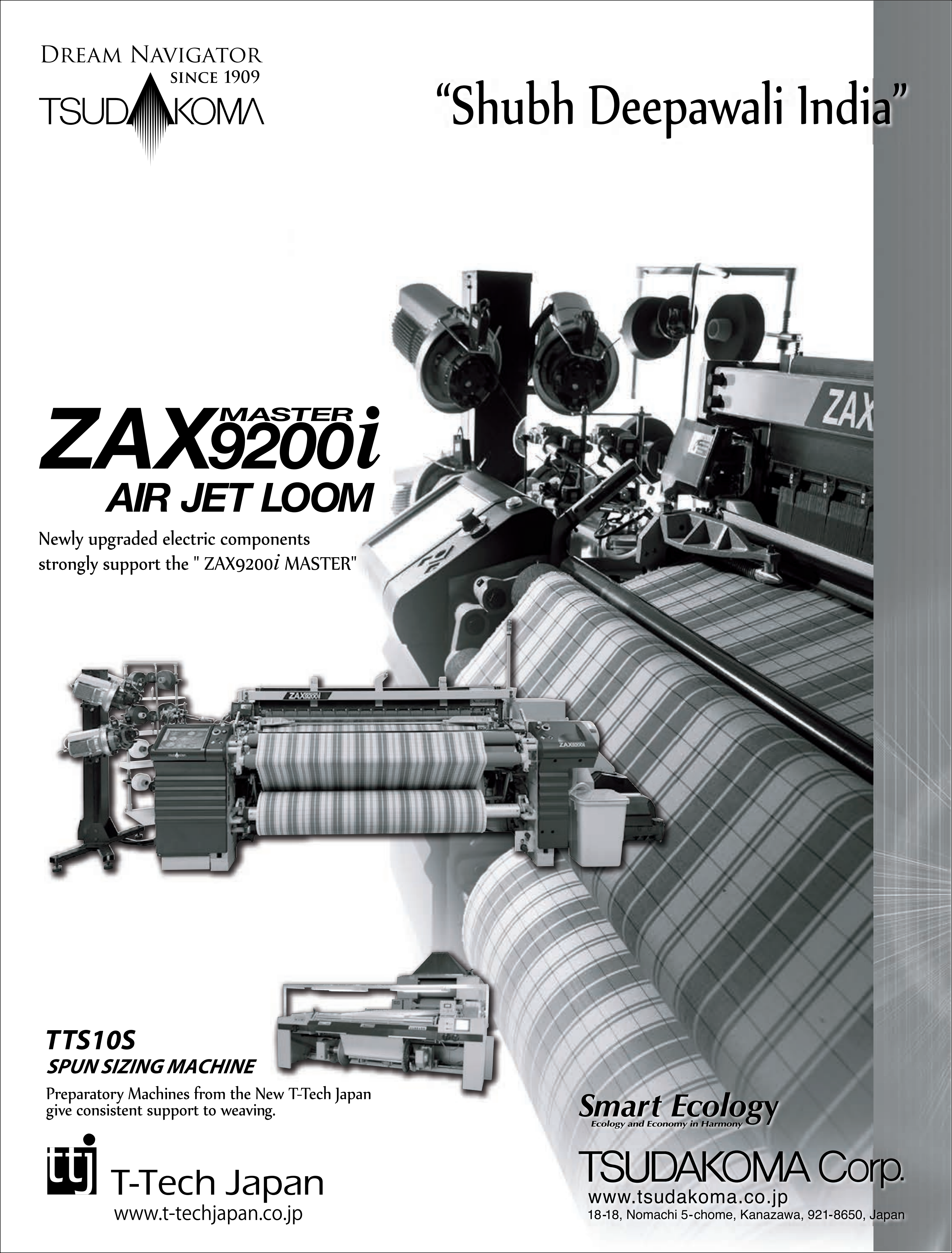
CCI and Maharashtra Federation can buy almost 50% of the Cotton Crop at MSP. This way the farmers will be supported. The remaining half of the Crop will be bought by the Ginners.

Continuned on Page 44

TABLE NUMBER 2

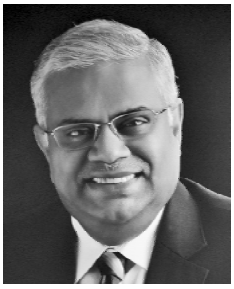
ALL INDIA AREA: 130 LAKH HECTARES **FUTURE AREA: 67 LAKH HECTARES**

System of Irrigation	AREA				YIELD/Ha				Crop	
	Present		Future		Present		Future		in bales of 170 kgs.	
	%	L/Ha	%	L/Ha	Bales	K/Ha	Bales	K/Ha	Present	Future
Rain Fed	60	78	37,5	25	3	340	3	510	156	75
Normal Irrigation	30	30	37.5	25	6	6	1020	156	156	150
Drip-fed	10	13	25	17	9	1020	9	1530	78	153
Total:	**100**	**130**	**100**	**67**	**5.62**	**510**	**62.9**	**955.4**	**390**	**378**


DREAM NAVIGATOR
SINCE 1909
TSUDAKOMA
"Shubh Deepawali India"
ZAX9200i MASTER
AIR JET LOOM
Newly upgraded electric components strongly support the " ZAX9200i MASTER"
TTS10S
SPUN SIZING MACHINE
Preparatory Machines from the New T-Tech Japan give consistent support to weaving.
T-Tech Japan
www.t-techjapan.co.jp
Smart Ecology
Ecology and Economy in Harmony
TSUDAKOMA Corp.
www.tsudakoma.co.jp
18-18, Nomachi 5-chome, Kanazawa, 921-8650, Japan

Marketing the big cotton crop is one of the biggest challenge this year

Mr. J. Thulasidharan, President, **Indian Cotton Federation**, in Q&A with Tecoya Trend



TT: The corona virus pandemic has wrought havoc on the Indian textile industry. How has it affected the Indian cotton industry?

MR. J. THULASIDHARAN: Though the effective was severe things slowly started improving since July & almost reached normalcy by September. The sharp fall in cotton price due to lockdown affected the farmer, ginner & user industry. Movement of goods was the major issue.

TT: How has been the performance of Indian cotton during 2019-2020 season and what are your cotton production, consumption and export estimates during 2020-21 cotton season?

MR. J. THULASIDHARAN: Due to increase in MSP & lower cotton price CCI & other govt. agency made a record buying about 125 lacs bales. This helped the Indian cotton farmer to get a good remunerative price for their produce.

Due to the Lockdown there was steep fall in consumption & movement of goods were restricted for some time, resulting in fall in cotton prices. The price started improving since august & reached pre covid price by September. For the season 2019-20 as per Indian Cotton Federation data we have a crop of 370 lacs bales. Our estimate for 2020-21 was 380 lacs bales. But later due to heavy rain crop has been affected in some places & benefited in others.

We would have a clear picture by first week of November. The consumption for the year 2019-20 has dropped Substantially due to the Lock down & our estimate of mill & non mill consumption is 246 lacs bales.

TT: What are the main problems and prospects you foresee for the cotton industry in the current financial year?

MR. J. THULASIDHARAN: For the current year we have a very big carryover & a big crop. The ending stock for 2020-21 is likely to be at 188 lacs bales. Disposing this surplus stock Is going to be a real challenge. Festival demand & export demand seem to be good & if we do not have second wave of the pandemic we should foresee a very good year.

TT: What is the cotton industry's biggest challenge now?

MR. J. THULASIDHARAN: Becoming world's biggest cotton producer we have to establish quality standards similar to USA to freely market our surplus globally at international best price. I am glad that govt. has taken the first step towards this. But much more need to done in this direction on a war footing speed to establish a standard global market & as the major buyers are our neighbouring or nearby countries we have an added advantage.

Indian cotton moves with global cotton prices. Whenever there is sharp fall in global prices govt. is forced to do MSP operation incurring heavy losses & mills also face supply & price issues. Our Indian cotton yield is one of the lowest & there is very good scope to increase the yield. The farmer's income could be more than double with right initiatives.

Intensive agronomy research for increasing yield is the need of the hour to create a win win situation not only for the cotton farmer & the user industry but also for the govt. Already a detail study was made under the leadership of Textile Commissioner & report made by Dr. Kranthi as Director of CICR is with the govt.

TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian cotton industry play?

MR. J. THULASIDHARAN: Inspite of lowest yield cotton farming is profitable in India. If steps are taken to improve productivity Indian could soon become clothiers to the world. With cheap & quality cotton all leading world brands would come to India to source their products utilising the abundant manpower available in the country.

TT: What is your opinion on the recent agriculture reforms introduced by the Indian government? What impact will it have on the Indian cotton sector?

MR. J. THULASIDHARAN: It is farmer friendly. Much more to be done in agriculture research, extension work, storage, distribution etc.

TT: What measure do you suggest to increase cotton production in India to international levels?

MR. J. THULASIDHARAN: Industry has been requesting Textile Ministry to take up the issue with Fertiliser Ministry to pass orders to pack fertilisers only in colour bags.

TT: What kind of government support would cushion Covid's adverse impact on cotton industry?

Continued on Page 50

Happy Diwali

This Diwali lets say goodbye
to all worries & sorrows and
Welcome the sparkling lights
That brings glow of happiness.

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Stitch in Time…Saves Nine!!!

By **Avinash Mayekar**, MD & CEO, **Suvin Advisors Pvt. Ltd.**

The very famous and vintage proverb Stitch in times saves nine!!! Crystal clear statement depicting that we need to put a single stitch now or as the time passes by the same patch will need nine stitches i.e. a lot more than what was required.

The proverb stands true for our industry, and it's time for the Indian textile industry to rectify ourselves, make changes, and take appropriate steps to showcase our reputation as most prominent giant player in the global textiles & apparel world. For years we have limited ourselves & made our name as a major yarn exporter.

We have shown our class and integrity in the spinning industry. Actually to be honest this particular picture is what I feel should not be our only image in the world because it is failing to show due respect to the rich heritage our ancestors have created. We were once global leader in manufacturing complete value-added textile products mainly up to finished fabric which was the end product during those days. It's time to realize our strength and accordingly make ourselves competent to fulfill the global demands & become a world-renowned supplier for the entire textiles & apparel value chain.

GLOBAL MARKETS

The covid19 has brought out a lot of changes that have been implemented and many more changes are bound to take place in the future. Many innovations are happening right now at this moment. We will be more innovative as far as product categories are concerned. Hygiene will be the prerequisite in all textiles and apparel products.

The total market in terms of quantity is bound to shrink with the obvious reasons for the fall in demand because the majority of people are still working from home and no celebrations or get togethers' are happening due to covid 19. The occasions for shopping and the need for wardrobe change has reduced and seasons collections and fashion shows are almost silent.

The scenario of work from home might be a standard practice appointed by big organizations to control the operation cost. At the same time, the employees will be dedicatedly working on their current jobs with the realization that the profits of the organization are the key for their secured jobs.

Also, the market conditions have brought a reality of the non-availability of jobs in the minds of one and all. Organizations have also realized that they are to rely on & believe in the existing staff & provide them full freedom to deliver in the work from home models. The efficiency & hard work of employees are noticed by the employer in this pandemic situation. We have seen dedications of employees working efficiently balancing the work responsibilities along with their family care.

We have observed the change in lifestyles as well. All comfy casual wears have outcasted the office wears and in the coming years, its consumption is only to increase. People would prefer to opt for casual wear making it easy to switch over the hats quickly in between the office work & home responsibilities. With this perspective, a lot of change in the type of apparel consumptions will take place. A small folder of casual wear & fancy clothes will take a larger pile that previously included all well-ironed blazers, suits & other formal wear.

With this even apparels with natural fibers will be more preferred over the manmade fibers, of course there are restrictions for productions of natural fibers but days will come when fiber will be the center of focus for its quality of comfort over the appearance or fashion appeal. The impact of the environment will also play a major role. Materials not so environmentally friendly will slowly be reduced from the consumption cycle.

ADVANTAGE INDIA

India has a large population of 1.3 bn people & has shown its keen interest to be a prominent player in the textile Industry. We are foremost having large infrastructure available for supporting the growth of this industry.

The backbone of rich historical culture in the textile industry, skilled labor force, presence of a variety of raw material in abundance as a gift of the varied geographies that lay within our boundary are the very reasons why India is a land for textile industry to flourish. More over many Textile institutes are gifting world-class engineers.

Also, the recent trend of emerging young entrepreneurs has seen many startups companies developing. Government initiatives like the startup India, Make in India, promote India, Atmanirbhar India, etc. are the reason for the success behind

Continued on Page 69

Post Covid Opportunity for Textile Industry

By **B. Prakash**, Associate Director, **Wazir Advisors**

The global outbreak of the coronavirus pandemic is an unprecedented health crisis that has not only exerted a shock on the economy, but also created a havoc in the textile & apparel industry.

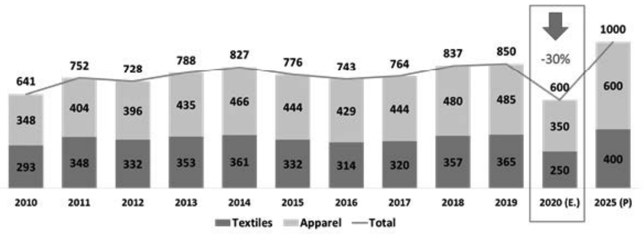
Despite the economic contraction, the textile & apparel industry could be a key engine for growth and employment.

The coronavirus pandemic forced governments across the globe to take unprecedented measures such as economic lockdowns and closing international borders in an attempt to curb the spread of the virus. This led to unavoidable decline in trade and output that has painful consequences on businesses, including the textile & apparel industry.

The global textile & apparel trade is expected to contract by 30% in 2020 to a value of US$ 600 billion. The decline is significant and the consequences are clearly visible across the major textile & apparel manufacturing nations. However, the demand is expected to rebound in future and the trade is expected to touch the mark of US$ 1,000 billion by 2025.

Figure 1: Global Textile & Apparel trade (Values in US$ Billion)

Data Source 1: UN Comtrade and Wazir Estimates



The overall textile industry has grown over the years and going forward there are plenty of opportunities for textile manufacturers to tap the global market opportunity.

The global trade of yarn has been growing at a CAGR of 2% since 2010-11 in terms of value and CAGR 3% in terms of volume. While Spun yarn has a larger share in the trade of yarn, however, Manmade Fibres (MMF) is growing at a faster rate. Going forward good growth opportunity exists in spun yarn categories including combed compact cotton and cotton rich blends, polyester blends, and value added yarns.

Figure 2: Global Yarn Trade (Values in US$ Bn)

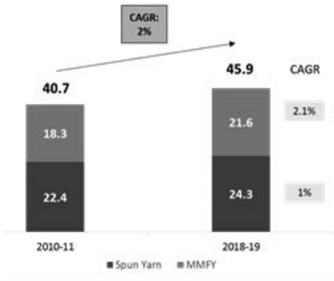
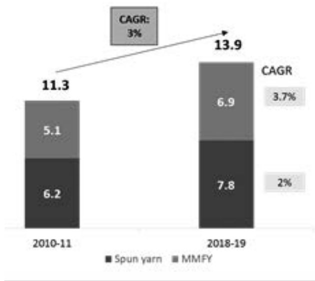


Figure 3: Global Yarn Trade (Volume in Million tons)



Data Source: UN Comtrade

China and Bangladesh are the top two importing nations for yarns with a combined volume share of 40%. On the supply side, India dominates (20% volume share) the global trade of spun yarn with an exports volume of 1.5 bn. Kgs followed by China with 1.4 bn. Kgs in 2018-19.

Figure 4: Major Markets of Yarn (Volume wise)

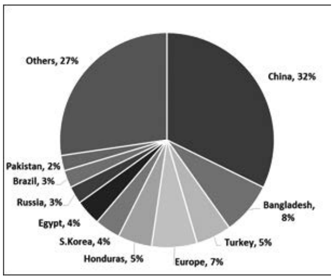
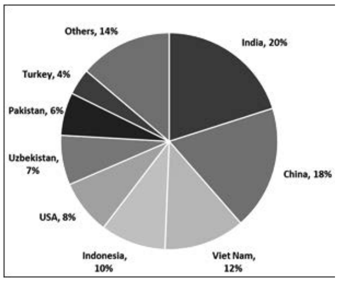


Figure 5: Major Exporters of Yarn (Volume wise)



Data Source: UN Comtrade

The global trade of fabric has also been growing at a CAGR of 2% since 2010-11 in terms of value. Woven fabric has a larger share in the trade, but knitted fabric is growing at a faster pace. Going forward good opportunity exists in synthetic knit and woven fabrics

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Cotton production cannot increase substantially with current seeds

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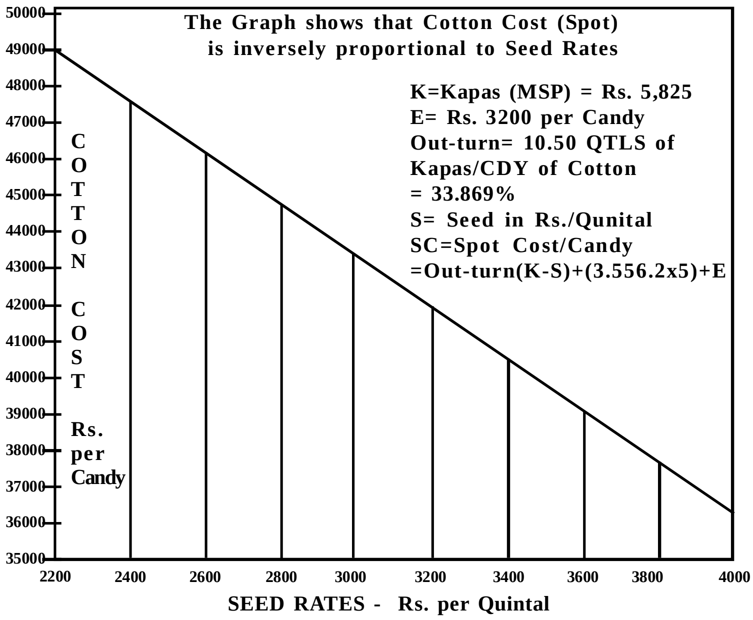
Cotton cultivation cost is high due to the poor yield as compared to the World Standards. Apart from that we have a Lower Ginning Outturn. MSP helps up to a certain level but we crossed it last year. Cotton cost is inversely proportional to the Seed price. A Graph shows the cost of Cotton at Seed prices varying from Rs, 2,200/= to Rs. 4,000/= per quintal.

Due to a high stock and high Crop, Exports will get a boost but the price has to be competitive. China and Pakistan are out of our Market, so we will have to find new Markets.

TT: What is the cotton industry's biggest challenge now?

MR. SHIRISH SHAH: Marketing the Huge Crop and Opening Stock is the biggest challenge. CCI and Maharashtra Federation will buy almost 50% of the Crop at MSP but the remaining stock has to be bought and sold by Ginners. Ginners may require a subsidy if they are compelled to buy at MSP.

Graph No. 1



KAPAS ((MSP) = Rs. 5825 = E = Expenses = Rs. 3200 per Candy
S = Seed Rate in Rs./Qunital. SC = Spot Cost of Cotton in Rs./Candy

2200	2400	2600	2800	3000	3200	3400	3600	3800	4000	S
49086	47697	46309	44920	43531	42142	40754	39364	37976	36587	Sc

Source: Bhaidas Cursondas & Co.

TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian cotton industry play?

MR. SHIRISH SHAH: We are quite self-reliant in Cotton, Yarn, Cloth and Garments. We even Export Cotton Processing and Textile machinery. We have to modernize our Processing/ Dyeing of Cloth, which is only 15 – 20%. Modern.

TT: What is your opinion on the recent agriculture reforms introduced by the Indian government? What impact will it have on the Indian cotton sector?

MR. SHIRISH SHAH: The impact of the new laws is negligible so far. As an indirect effect Akali Dal broke away from BJP, claiming that the said laws are anti-farmer, while BJP Insisted that said laws were pro-farmer. I am not very clear about the impact and will have to assess the same as the season progresses.

TT: What measure do you suggest to increase cotton production in India to international levels?

MR. SHIRISH SHAH: With our current seeds our Cotton production cannot increase substantially. We have to:

(a) Increase our Yields by introducing better seeds which a higher Yields, better Ginning Outturn and better Fibre Parameters.

(b) Increase the area under Drip-feed to at least 25%. This will save 90% Water and reduce the cost of cultivation due to higher yield.

(c) Improve Ginning Outturns which are stagnating between 33 and 34%. The target should be at least 40 – 42%.

(d) Insist on Pre and Post Cleaning of Kapas and Cotton to reduce contamination.

(e) Improve Handling of Cotton at all stages to reduce Contamination.

Our present System of Irrigation, Future plans, Area under each system, old and new yields and likely Crops. (See Table on Page No. 00)

It can be seen from the Table No.3 that with better Yields we can save almost 50% of the Area under Cotton and use it for Food Crops, Industry or any other item. The area is reduced selectively keeping the most suitable and fertile areas for Cotton. Better yields and Ginning Outturns have been achieved in many Countries.

To start a "Crop Increase" campaign we can select the Best of existing seeds and plant these in the best areas suitable for these seeds.

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Cotton production cannot increase substantially with current seeds

Continued from Page 44

TT: What kind of government support would cushion Covid's adverse impact on cotton industry?

MR. SHIRISH SHAH: Following support will cushion the adverse impact:

(a) The Government is helping the farmers by buying 45 to 50% Crop at MSP. CCI and Maharashtra Federation sold at a loss of about 15 to 22%. This will be subsidized by the Government.

(b) The Ginners, who play an important role in the Post-Harvest Processing of Cotton, may require some control on the Seed prices

(C) Mills may require bigger Loans.

TT: What could be the impact of a China-US trade war on Indian textile industry in general and cotton industry in particular?

MR. SHIRISH SHAH: We can get a bigger share in Exports of Cotton, Garments and other Textile Products. However, Bangladesh, Viet Nam, Indonesia, Thailand etc. will give us a good competition.

TT: What is your short to medium-term outlook for the Indian cotton industry?

MR. SHIRISH SHAH: The year 2020-21 is a special year with Highest Ever Opening Stock and the Highest Crop in 8 years.

Table No.3 gives a General Pattern of Arrivals, Imports, Crop, Exports, Opening and Closing Stocks for every Month of the Season.

You can observe from the Table that the Lowest Closing Stock is 111 Lakh Bales and the Highest Closing Stock is 164 Lakh Bales.

TABLE NO 3

ALL INDIA GENERAL PATTERN OF COTTON ARRIVALS, STOCKS, CROP - MONTH-WISE

DETAILS	OCT *2020*	NOV *2020*	DEC *2020*	JAN *2021*	FEB *2021*	MAR *2021*	APR *2021*	MAY *2201*	JUNE *2021*	JlY-SPT *2021*	TOTALS
OPENING STOCK	104	111	133	143	154	148	149	154	164	164	104
CROP / ARRIVALS	15	50	65	65	45	45	35	30	20	6	378
IMPORTS	2	2	-	2	3	3	1	-	1	-	15
AVAILABILITY	121	163	198	210	202	196	185	184	185	170	497
MILL CONSUMPTION	5	25	45	40	40	40	25	15	10	15	260
SSI CONSUMPTION	2	2	3	4	4	3	3	2	2	3	28
NON-FACTORY USE	1	1	1	2	2	0	1	1	1	2	12
DOMESTIC OFFTAKE	8	28	49	46	46	43	29	18	13	20	300
EXPORT	2	2	6	10	8	4	2	2	8	6	50
TOTAL OFFTAKE	10	30	55	56	54	47	31	20	21	26	350
CLOSING STOCK	111	133	143	154	148	149	154	164	164	144	147

Exports are slowly coming back on track

Continued from Page 28

cover all the products viz., fibres, yarns, fabrics, made-ups, etc. under the RoDTEP Scheme. If the RoDTEP Scheme covers the entire MMF value chain by rebating the taxes/ levies paid at every stage then the exports of MMF textiles will grow.

Rectify the Inverted Duty Structure existing in the MMF textile Segment. Under the GST regime, there exists inverted duty structure in the MMF textile segment because of which ITC accumulation is huge which are neither refunded nor useable. This Inverted Duty Structure blocks huge amount of working capital and adversely impact on financial position of the exporters. It is urgent to rectify this Inverted Duty Structure in the MMF textiles segment.

Refund of duty/GST paid on import/domestic procurement of Capital goods to incentivise investment in the textile sector. Under the GST regime, there is no refund of duty/GST paid on import/domestic procurement of Capital goods which is adversely impacting investment in plant and machinery in the textile industry in India. Therefore, GST refund on Capital goods import/ domestic procurement needs to be allowed to encourage more investment in the MMF textiles segment.

Textile Job works need to be considered as Manufacturing in the GST regime. In the textile sector, value addition works such weaving, knitting, processing, embroidery, etc. are done mostly through job work which accounts for a significant part of the total manufacturing costs. Before the GST was implemented job work was considered as manufacturing.

However, in the GST regime the job work has been considered as Input Services NOT considered as manufacturing and accordingly GST paid on these job work/services like weaving, knitting, processing, embroidery and other value additions are not allowed for ITC/ refund. This has resulted in to huge ITC accumulation and blockage of substantial working capital that in turn adversely impacting on exports. Therefore, it is suggested to consider job work/ services like weaving, knitting, processing, embroidery and other value additions as manufacturing and allow for ITC/ refund of the duties paid on these activities under the GST regime.

Restore the MEIS and continue without capping. MEIS was designed by the Government under the FTP 2015-20 to provide relief to exporters to offset infrastructural inefficiencies and associated costs. Currently infrastructural inefficiencies and associated costs have been multiplied due to lockdown, paralysed economic activities, labour shortage, etc. aftermath of the COVID-19 pandemic. Sudden blockage of the online module to apply for MEIS on 23rd July due to caping at Rs 9,000 crore for FY2020-21 (up to December) is a shock for the exporters and it is a discouraging message in these difficult times of COVID-19 pandemic. Therefore, it is urgent that Government needs to reconsider to restore the MEIS benefits to exporters without any cap and immediately open the online module to apply.

Provision for Additional Working Capital. Currently, shortage of working capital is a serious issue both for production as well as exports. Therefore, it is urgent to enhance working capital limit and advances for exports on a case to case basis without any collateral. Further, at least 30% additional working capital should be available at 7.25% interest for both exports and domestic production without any collateral and margin money to meet the working capital needs, pay salaries and wages to the employees and meet the standing charges.

Ensure availability of capital at international rate. Availability of affordable working capital is vital for sustenance and growth of a company. Interest rates in India are amongst the highest in Asia and it is one of the reasons for higher cost of textile products in India. Higher interest rate is also one of the reasons for becoming NPAs in the country and adversely impacting both production and exports. Therefore, it is urgent to ensure availability of capital at international rate.

TT: What is your take on the recent labour reforms introduced by the Indian government?

MR. RONAK RUGHANI: Regarding the labour reforms I attended a virtual Webex meeting on 22 October 2020. The Hon'ble Minister of Textiles chaired the Meeting and Textile Secretary was also present. A brief presentation in this regard was made by Joint Secretary, Department of labour.

The proposed reforms in labour laws are welcome step and we congratulate the government for the same. Some of the proposed amendments such as rationalization of Sections in Labour Codes from 1232 to 480, flexibility in labour market and formalization of workforce – threshold for seeking prior permission before retrenchment, layoff and closure of an establishment increased from 100 workers to 300 workers through notification, increase of threshold for seeking certification of standing order from appropriate Government by every establishment from 100 to 300, etc. will be significantly beneficial for the manuracturing segments including the textiles sector.

TT: Over the last few years India's textile exporters have suffered

Continued on Page 48

Exports are slowly coming back on track

Continued from Page 46

due to erosion in their competitiveness. What steps do you suggest to overcome the loss and gain new heights globally?

MR. RONAK RUGHANI: It is a fact that the Indian textile products are some of the best in the world and therefore our products are much sought-after in the EU, Middle-East, America, LAC, etc. However, due to lack of suitable policy support from the Government as compared to our competing countries, our products are not so price competitive. Therefore, this is the need of the hour to support the exporters by ways of

Suitable Policy Initiative. It is pertinent to mention that at a time when India is trying to do away with the existing subsidies, competing countries such as China, etc. is expanding the horizon of subsidies. As far as MMF textiles are concerned, China is our main competitor. Due to multi-layer regional provinces and central level subsidies offered by Chinese Government to its exporters, Indian exports are not in a position to compete with Chinese exports in global market. This price disadvantage situation of Indian exports as compared to Chinese, gives serious setback to the Indian exports. Therefore, it is urgent that Government needs to introduce appropriate policy initiatives that will help in making the exports competitive.

Ensure improved infrastructure for Export. The infrastructural (or structural) bottlenecks prevailing in India are pushing back our trade as compared to our competing countries. Poor infrastructure at border check-points is one of the main obstacles for Indian exports. Port and road infrastructure bottlenecks coupled with slow procedural work at Customs are impacting India's exports. Therefore, government needs to focus on improving the infrastructures essential for export in the country.

Focus on Branding. Lack of globally recognised textile brands and branding. Despite being one of the leading textile products manufacturing countries and our MMF textiles segment has achieved certain level of cutting-edged development in most of upstream and downstream value chain, India still remains only as supply chain partner to world's leading brands. There is no globally recognised Indian textile brand. Government needs to focus and provide assistance to industry for creating and establishing globally recognised brands.

Create Awareness. There is no adequate awareness and information among global buyers about the Indian textile products, strength of Indian textile industry across the value chain, etc. Government through the Indian overseas missions need to provide handholding support for promotion of the Indian Textiles globally.

Effective FTAs. FTAs with major textile consuming markets will give us substantial price advantage. Therefore, it is suggested that the FTAs with EU, GCC, Turkey, USA, etc. may be prioritised. Review of the India – ASEAN needs to be done on priority.

Focus on R & D. To make the textile industry efficient and competitive it is urgent to focus more on R & D. It is also important for realizing the Prime Ministers vision of "Make in India" with "Zero Effect Zero Defect" at each level of the value chain.

Resolve Anti-dumping cases. Some of the major MMF textile markets such as Turkey, EU, Peru, USA, etc. have imposed Anti-dumping duties (ADD) on exports of MMF textiles from India. Some of these ADD cases viz., Turkey, EU and Peru have been continuing for almost a decade. Peru has been continuing imposition of heavy Anti-dumping duties on Polyester Viscose Fabrics originated from India, without having convincing reasons for the same. This Council has already presented the Peru ADD case with the Hon'ble Commerce and Industry Minister also. None resolving of the ADD by these markets have impacted exports of MMF textiles from India. Government needs to take urgent steps to resolve the above mentioned Anti-dumping cases so that the exports from India also could get a level playing field in these markets.

TT: Sustainability has become a public and economic concern. What is your take on sustainability?

MR. RONAK RUGHANI: The world is becoming more conscious about its sustainability. Governments have been more regulative to save the depleting environment and living beings and therefore have been setting up various regulations and norms. The customers have also become aware and selective to choose their cloths. Therefore, it is very important to remain compliant to sustain. As you know, water, power, pollution are the issues with the textile industry. In this regard, SRTEPC has been taking initiatives to create awareness among manufacturing units about global best practices on sustainability issues. We have also been encouraging recycled textiles that will be the immediate need for our industry.

However, our exporters should be aware about the fact that for being compliant with the sustainability issues, it would be led to increase in costs of production for which they need to be prepared.

TT: What could be the impact of a China-US trade war on Indian synthetic and rayon textile exporting industry? Do you think Indian exporters will gain from this war?

MR. RONAK RUGHANI: United States Trade

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Exports are slowly coming back on track

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Representative (USTR) imposed additional 10% ad valorem punitive tariffs on China-origin products beginning from 24 September 2018.

The rate increased to 25% from January 2019 onwards which affects textile sector. This has resulted in sourcing shifts away from China to other countries or an increase in prices for goods that either can't be sourced elsewhere or for which the cost of shifting is greater than the increase in duties. As a result, buyers in US are seeing these as an immediate financial threat and are currently trying to change the source companies with whom they are doing business.

US imports nearly 18% of China's textile and apparel exports of USD 280 billion in 2019 accounting nearly 50% of its textile and apparel imports. It indicates that US has high import dependency on China's textile and apparel. With two countries involved in trade war, China's export seemed to be significantly impacted.

Yes, it clearly indicates that India has the opportunity and stands to gain in its export share in US for synthetic and rayon textiles provided it act promptly on looming opportunity.

TT: What should be the growth mantra of Indian synthetic textile sector for the country in the coming years?

MR. RONAK RUGHANI: It should be 'inclusive growth of entire textile value chain'.

The Indian textiles industry, currently estimated at around US$ 150 billion, is expected to reach US$ 350 billion by 2024. India's textile industry contributed seven per cent of the industry output (in value terms) of India in 2019-20. It contributed two per cent to the GDP of India and employs more than 45 million people in 2019-20 and the sector contributed 15 per cent to the export earnings of India.

Indian textile industry comprised of large-scale manufacturers, medium size industry, small and micro size players, each having its own share in the market.

The approach should be inclusive growth of all as it caters to different strata of society backed by economic super power of India, abundant workforce and highly skilled artisan.

On one side it needs to be capital intensive, high technology, quality production to be globally competitive while on the other side it requires labour intensive, skilled workforce producing quality products with unique features to differentiate from global competition.

Marketing the big cotton crop is one of the biggest challenge this year

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MR. J. THULASIDHARAN: Marketing the big crop is one of the biggest challenge the country is going to face this year. We should establish quality standards & take measures to control contamination. This would help to sell our cotton to other countries & get the right price our cotton deserves. Polypropylene contamination in cotton is the biggest problem faced by Indian textile industry & difficulty in exporting our cotton.

The cotton farmer use fertiliser bags for transporting cotton. Since both cotton & the bag is of same colour it is difficult to separate the polypropylene contamination. The industry has been requesting the agricultural ministry for last 25 years to pass orders to pack fertiliser in colour bags only. If this is implemented, we would see not only growth in our cotton exports but also big saving in yarn production.

The total value of kappas produced in a year is about rupees one lakh crores & 60% of the kappas come to market in a period of 5-6 months. If Agri finance at concessional rate is given to eligible ginners & spinning mills they would able buy more cotton, where the farmer would get better price.

TT: What could be the impact of a China-US trade war on Indian textile industry in general and cotton industry in particular?

MR. J. THULASIDHARAN: As said earlier with right initiatives we can take fully advantage of home grown cotton & utilise the abundant man power to become a world leader in textile exports.

TT: What is your short to medium-term outlook for the Indian cotton industry?

MR. J. THULASIDHARAN: The outlook is very good. Govt. initiative in implementing TMC-2 as recommended by the committee formed by the Textile Commissioner would double the farmer's income, standardise quality & create a brand image for Indian Cotton globally.

Embrace the strategy of redefining value

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adequate notice (60 days) before going on strike. The social security net has also been widened to extend benefits across all types of employees including unorganized, gig and platform workers. This is a step in the right direction considering the phenomenal growth of aggregator platforms which have redefined the concept of work and working conditions in this digital age. The reforms also propose to empower women workers assuring them of equal opportunities like working in night shifts subject to safety protocols and retaining their existing benefits like eight hours working shift and 26 weeks paid maternity leave.

The success of labour reforms in improving India’s prospects would depend on how the rules are framed and implemented on the ground over the next few months and how organizations adapt to these changes.

TT: Over the last few years India’s textile exporters have suffered due to erosion in their competitiveness. What steps do you suggest to overcome the loss and gain new heights globally?

DR. K. V. SRINIVASAN: In view of the fragmented approach being adopted for years together, Indian textiles were being treated just as a ‘commodity’ and lacked enough efforts toward value addition. The launch of Indian cotton brand “Kasturi”, has added a new dimension for cotton and cotton textile exports from the country.

As a part of our marketing efforts, apart from developing competencies to deliver the right products to the right markets, we should take the Brand route and spend more resources on R&D activities. To achieve more, the only thing required is to be patient, innovate, improve product design and delve deep into the production process with the latest market intelligence and execute with a confident outlook.

TT: Sustainability has become a public and economic concern. What is your take on sustainability?

DR. K. V. SRINIVASAN: Sustainability has always been central to concerns regarding performance on three fronts viz. economic, environmental and social. To achieve sustainability in its true sense, we need to build our core competence and integrate our manufacturing processes over time with sustainable practices.

Further, companies need to dedicate more time to R&D efforts, development of market insights and in introducing innovation across the value chain. In a world where newer ideas are evolving, it is equally important to touch base with the consumers in order to address their sustainability concerns.

TT: What could be the impact of a China-US trade war on Indian cotton textile exporting industry? Do you think Indian exporters will gain from this war?

DR. K. V. SRINIVASAN: The world is witnessing the emergence of 3 D's viz., De-Globalisation, Digitalising and De-Coupling which are likely to define trading patterns in the coming years, especially in the light of China-US trade war. This basically means greater reliance on localism, contact-less businesses, and re-engineering of supply chains.

In view of restrictions imposed by the USA on cotton products from the Xinjiang Region, the Ministry of Textiles, Govt. of India has pro-actively initiated discussions with the industry leaders to explore the possibility of increasing the market share of India in the Textile and Apparel import into the USA. In order to derive any meaningful gain on cotton products from the China-US trade conflict, exporters need to focus on what the market needs rather than what they can offer.

TT: What should be the growth mantra of Indian cotton textile sector for the country in the coming years?

DR. K. V. SRINIVASAN: In the post COVID era, speed would be of paramount importance. Fast movers with the short lead times and competitive prices will have the advantage to capture the market share. The businesses should, as far as possible, de-risk the balance-sheet by diversifying the supply chain to deal with multiple suppliers instead of relying on one single supplier.

To survive and make significant recovery at a faster pace in these COVID times, the textile industry needs to give away the conventional way of doing business i.e. the “business-as-usual” approach and embrace the strategy of “redefining value” by changing the way we operate our business and transact with our customers.

#

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Branded Indian cotton will reduce import dependency

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the world economy. Over the years a large spinning, weaving and apparel making capacity has been established in India to convert the raw material into end-products. The business arena would be realigned post COVID-19 pandemic and India can get new market opportunities especially in the countries like Japan, US, Australia, EU etc.

To attain the objective of making India Atmanirbhar and vocal for local in the field of cotton, Government of India has taken the initiative of branding for the first time at national level for quality consciousness and building image of Indian cotton at Global level. Brand name for Indian cotton has been launched on the occasion of World Cotton Day as “KASTURI COTTON INDIA”

TT: What is your opinion on the recent agriculture reforms introduced by the Indian government? What impact will it have on the Indian cotton sector?

MR. PRADEEP AGARWAL: In the month of May 2020, the Central government announced following three major reforms that could completely reconfigure the agriculture sector in India:

* Amendments to the Essential Commodities Act (ECA) of 1955 to impose stock limits on agricultural produce only if there is a sharp increase in retail prices.

* Introduction of a central law allowing farmers to see their produce to anyone outside the APMC (Agricultural Produce Market Committee) Mandi yard and ensuring seamless trade across state borders.

* Establishing a legal framework to facilitate contract farming, where buyers can assure farmers a price for their produce at the time of sowing.

These three reforms aim to increase the availability of buyers for farmers’ produce, by allowing them to trade freely without any license or stock limit, so that an increase in competition among them results in better prices for farmers.

These reforms will surely be beneficial for the cotton farmers which will motivate them to adopt the best farm practices for improvement in quality of cotton and will facilitate them remunerative prices through competitive alternative trading channels.

TT: What measure do you suggest to increase cotton production in India to international levels?

MR. PRADEEP AGARWAL: India currently wears the crown as the leading producer of cotton amongst all the countries of the world. Though cotton has been native to India right from the beginning of civilization, India had to overcome the challenges by making sustainability to cotton farmers, Increasing the productivity of Indian cotton varieties, Improving cotton cultivation practices for sustainability, Improving availability of superior quality seeds (High Yield/Short duration), Increasing production of Extra Long Staple Cotton, Increasing production of authentic certified Organic Cotton, Reduction in trash, admixture and contamination in raw material

For production of good quality cotton as per international standard, there is a need to focus on the issues to make cotton farming a sustainable option for farmers. In this regard, collaborative efforts are required by the textile industry, Cotton research institutes and Farmers to adopt the system of contract farming. Besides this, Productivity can be increased by motivating the farmers through awareness meetings, timely advisories and transfer of technology from lab to field in the most effective manner for using good quality seeds, timely sowing, plant protection by using natural methods and adoption of modern/scientific farm practices like inter cropping, High Density Planting System etc.

TT: What kind of government support would cushion COVID's adverse impact on cotton industry?

MR. PRADEEP AGARWAL: The COVID-19 pandemic has a great impact on the world economy in the past six months. However, Government of India extended all supports to all stakeholders to avert the adverse impact of COVID-19 on cotton industry.

In order to protect the cotton farmers from any difficulties to run their livelihood and to avoid the eventuality of distress sale by them, CCI resumed its’ functioning as per exemption under as per the order dated 15.04.2020 of Ministry of Home Affairs, Government of India with minimum staff strength during lockdown. Thus, in this difficult time CCI have been working continuously and has procured around 108 lakh quintals kapas (i.e. 20.51 lakh bales of 170 kgs) valuing around Rs. 5,500 crores under MSP operations in various APMC market yards directly from the cotton farmers.

This step not only helped the cotton farmers in the difficult phase of COVID-19 pandemic but also helped the Textile Mills including MSME Mills in India to have an assured supply of good quality cotton at competitive price through e-Auction conducted by CCI on daily basis.

TT: What could be the impact of a China-US trade war on Indian textile industry in general and cotton industry in particular?

MR. PRADEEP AGARWAL: In such situation, India is having good opportunity to export cotton to China particularly

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Indian textile industry is resilient and capable of adapting to changing business dynamics

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of PPE suits. We have not only met the domestic needs but emerged as exporter of PPE suits in matter of two months.

Aatmanirbhar Bharat in true sense would be to create an Indian brand value of our products in the international markets while meeting the domestic need.

TT: What is your take on the recent labour reforms introduced by the Indian government?

MR. R. D. UDESHI: The recent labour reforms are focused on four broad codes on wages; industrial relations; occupational safety, health and working conditions (OSH) and social security. As you are aware, Indian textile industry is the 2nd largest employer and provides direct employment to 45 million people.

I believe, for Indian Polyester Industry to compete internationally; these reforms are the booster dose at the right time. These reforms would act as a catalyst and help in attracting investments and generate employment in the country in the organized sector, which is direct reflection of economic growth.

Moreover, India's demographic dividend is the youth. As more and more youth join the work force we need to cover them for social security, provide healthy working conditions, ensure their safety while they are employed and remunerate them substantially. For employers, it would improve the productivity, profitability and assure steady growth to business.

Additionally, as the codes provide for 'one labour return, one licence and one registration' to smoothen compliance; the employer would minimize his administrative expense and efforts.

While Indian polyester and downstream textile industry also operates in the unorganized sector; these reforms will be a step in bring them in the main stream and raise the bar of our performance.

TT: What kind of government support would cushion Covid?s adverse impact on your industry?

MR. R. D. UDESHI: India imported $8.2 Bn textile products in FY19-20, an increase of 12% y-o-y with significant imports coming from neighbouring countries of China and Bangladesh. With the COVID-19 pandemic striking major consumption markets in the West, India becomes potential target of higher imports. In order to protect the domestic industry suitable regulatory measures, need to be set up to curb these imports.

Slow demand from Western markets has impacted Indian exporters significantly. Additionally, these players are also cash strapped and need to be supported with export incentives in order to restore exports.

Trade agreements play a crucial role in securing export volumes, encouraging investments and technological development. India presently, does not have any FTA with major consumption centres and technology providers. The government can fast-track these negotiations which would benefit the textile industry as a whole.

Taxation across the textile value chain is uniform in many competing countries, while in India rates vary widely across the chain. This lead to lots of confusion and complication in adherence. Downstream textile producers' liquidity remains blocked hampering productivity. This also does not allow the market to pick up MMF as a raw material of choice, which restricts them to explore the wider global MMF markets.

The government has already in place various schemes for technology upgradation and downstream investments. The government should continue with these schemes in order to encourage investments in the downstream value-added sectors.

TT: What could be the impact of a China-US trade war on Indian textile industry in general and polyester industry in particular?

MR. R. D. UDESHI: The impact of China US trade war on Indian textile industry is likely to be positive. Recently US Govt. passed a mandate to restrict imports from Xinjiang province due to unethical practices. Indian textile industry has a good opportunity to fill the vacuum in disputing countries created by reduced imports.

USA imported almost 35% of its textile volume from China in 2019. With the trade war escalating the void created would help Indian producers to expand their product portfolio in USA and open new channels of trade.

TT: What is your short to medium-term outlook for the Indian polyester industry?

MR. R. D. UDESHI: I believe, that in the short-term demand would continue to be cautious as downstream manufacturers are still skeptical and opening their operations gradually. Consequently, polyester demand is also expected to grow slowly while still below the average levels. In the medium term industry operation would gradually normalize. It is expected that industry would resume full fledge operations by Q2-Q3 FY 20-21.

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Uniform GST structure @ 5% on entire value chain is imperative for growth

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TT: How is the polyester industry fairing in terms of liquidity issues and is the credit flow adequate?

Mr. Anil Gupta: There was a significant loss of capital during initial 4-5 months of lockdown. Industry had to pay salaries and other expenses while production was completely shut. This has eaten into the working capital and liquidity in the system is certainly tight.

TT: What kind of government support would cushion Covid's adverse impact on your industry?

MR. ANIL GUPTA: Rationalization of GST is the first and foremost support required from the Government to cushion Covid's adverse impact on your industry. This will have an immediate result. Today we have an inverted duty structure in textile sector with raw material such as PTA and MEG at 18%, staple fibers at 18%, Filament yarn at 12% and final end product fabric at 5%.

In view of the inverted duty structure, while the Government has permitted refund of differential duty but the formulae for computing refund of duty considers input tax credit availed on input raw materials and consumable goods only and the input tax credit of capital goods and input services availed and utilized during the course of manufacturing of finished goods is not eligible for computing refund.

As a result, tax paid on capital goods and input services is blocked hugely impacting the cash flow. Apart from this, procedure for getting refund is quite cumbersome and time consuming which unnecessarily hampers the cash flow.

Thus there is strong case for uniform GST structure @ 5% on the entire value chain starting from raw material to Fabric. This will hugely improve the cash flow and make the industry competitive vs global players.

TT: What could be the impact of a China-US trade war on Indian textile industry in general and polyester industry in particular?

MR. ANIL GUPTA: China –US trade war has presented an unparalleled opportunity to Indian textiles industry. But at present Indian industry is lacking competitiveness in polyester fiber and yarns exports primarily due to the embedded State Levies and Taxes which are not refunded at any stage. Taken together they account for 5 - 6 % of the Export prices.

Government need to allow Refund of Central and State Levies (RODTEP) on polyester fibers and Yarns, as is being done in case of Garments and Made-ups.

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High MSP price is biggest challenge

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TT: What kind of government support would cushion Covid's adverse impact on cotton industry?

MR. VINAY KOTAK: Cotton and cotton textile industry is experiencing demand pull in exports post Covid-19 but in order to sustain demand and competitiveness -

A. Stimulate export by giving export borrowing a cost not more than 1% over Libor rates.

B. Provide sufficient working capital to total supply chain of cotton and textile industry.

TT: What could be the impact of a China-US trade war on Indian textile industry in general and cotton industry in particular?

MR. VINAY KOTAK: It will be very positive. India's share in world textile exports will increase substantially. Even cotton exports to China will increase.

TT: What is your short to medium-term outlook for the Indian cotton industry?

MR. VINAY KOTAK: In our opinion the short to medium term outlook is cautiously optimistic due to second wave of Covid-19 in Europe and USA.

Dented financial strength is a big challenge

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downstream value chain has the capability of meeting present and future domestic demand fully and increasing export of Man Made Fibre based garments, made-ups etc. significantly where India?s presence is only about 1.5% of global trade. It can also venture into new product categories like sportswear, active wear etc., provided the aforesaid structural bottlenecks are removed or industry is compensated for these disadvantages to make it globally competitive.

TT: What kind of government support would cushion Covid's adverse impact on Blended Yarn Industry?

MR. S. K. KHANDELIA: Following support is imperative:

* To ensure availability of all types of MMF in the country at international rates.

* Removal of inverted GST structure and slotting the entire MMF based value chain in 5% rate slab.

* Refund of accumulated GST on Capital Goods and services till inverted duty structure is corrected.

* RoDTEP scheme should be extended to synthetic and blended yarn and fabrics exports also to encourage their exports.

* Grant of interest subvention of 5% on export credit for synthetic and blended yarn and fabrics.

* Conclusion of Free Trade Agreements or Preferential Trade Agreements with EU, UK and other consuming countries to withstand competition from the countries having such benefits in these markets.

* To release uptodate pending TUFS subsidy against Bank Guarantee without any further delay to ease working capital pressure.

* To compensate the industry for the extra cost on account of high power, finance, logistics, etc. till these structural disadvantages are removed enabling the industry to be globally competitive.

TT: There is rampant imports of yarn, fabrics and garments into India at zero duty or negligible duty rates under various agreements. What do you suggest to curb the unfettered imports?

MR. S. K. KHANDELIA: I suggest the following:

* Review of various Free Trade Agreements with ASEAN, SAARC and other countries to stop unintended imports of yarn, fabrics and garments.

* Strict checking and monitoring of Certificate of Origin to ensure that material of other countries are not exported by such free trade partner countries without adhering to minimum value addition norms.

TT: Textile Sustainability has become a public and economic concern. What is your take on sustainability?

MR. S. K. KHANDELIA: Sustainable products and processes are most desirable in the interest of our future generations. We need to reduce our carbon footprint to minimum possible level, conserve natural resources and recycle non-biodegradable products.

Sustainability has been gaining increased ground over the last few years. However, after outbreak of Covid19 pandemic, everyone has become more concerned to save environment.

We, at Sutlej, had introduced sustainable yarn range two years back and have been aggressively trying to increase our product offerings made out of various recycled raw materials by adopting sustainable manufacturing practices. We are in the process of commissioning our new plant of 120 MT per day capacity to manufacture green Polyester Staple Fibre by recycling PET bottles. We are fully committed to the principle of sustainability.

TT: What could be the impact of a China-US trade war on Indian textile industry in general and Blended Yarn Industry in particular?

MR. S. K. KHANDELIA: China is the biggest exporter of MMF based textiles and clothing in the world. USA and other importing countries have realised the importance of having alternate supplier instead of exclusively depending on one country and they are working on 'China + 1' option. India has huge opportunity of increasing its exports of synthetic and blended textiles and clothing by leveraging its strength of indigenous availability of all types of raw materials, presence across the entire value chain, i.e., from fibre to fashion, availability of skilled manpower, entrepreneurship etc.

TT: What is your short to medium-term outlook for the Indian Blended Yarn Industry?

MR. S. K. KHANDELIA: In short term, I expect huge pent up demand once the pandemic is controlled. Consequently yarn rates and margins will improve, giving much needed relief to the industry.

In medium term, I expect huge growth opportunity for blended yarn industry. Everyone has realised that it is not possible to grow Textile & Clothing Industry from the present level without focussing on MMF based value chain and it is necessary to do so to achieve the target of $320 billion size of Indian Textile & Clothing Industry by 2025. We expect strong policy measures from the Government to encourage MMF based value chain industry.

Indian textiles industry needs to gear up to handle large scale orders on a timely basis

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importing lot many products resulting in many idle capacities within India, thus losing on job creation opportunity as well. Experts have pointed out that Yarn Forward rule (products having Indian fibre / Yarn as content), restriction in increase in on particular HS Codes beyond a certain threshold quantity, Non – tariff barriers like stringent quality checks, restricting inferior quality products etc can be implemented so as to restrict rampant imports. Another opportunity has opened up in lieu of USA banning the use of Xinjiang Cotton usage in textile products, resulting in Customers specifically asking for declaration of non-usage of Xinjiang Cotton. India can very well use this premise for restricting Cotton based products from all countries using China based Cotton fibre / yarn / fabrics.

TT: Textile Sustainability has become a public and economic concern. What is your take on sustainability?

MR. PRASHANT MOHOTA: Sustainability as understood today means delivering Customer needs with minimum damage to ecological balance. In relation to textiles, environment concerns range from usage of water, energy, power along with Air & Effluent pollution caused during manufacturing process and finally effective disposal of waste generated in the product life cycle. Brands have and should take onus on them to create strong message of sustainable fashion. Developments in this regard along with traceability are going on in full swing. I see huge shift in customer buying choice towards more sustainable textile products and happy to share that Indian textiles is very swiftly moving towards fulfilling this demand. We ourselves in our company, have almost shifted 20% product line on Sustainable products.

TT: What could be the impact of a China-US trade war on Indian textile industry in general and Blended Yarn Industry in particular?

MR. PRASHANT MOHOTA: China – US trade war has opened up a huge opportunity window for India, where large retailers / brands can be attracted to shift their buying to India or setting up their facilities within India. For blended yarn industry, it has opened a lease of life as otherwise very few manufacturers in India were focusing on this segment. Indian textiles now needs to gear up to handle large scale orders on a timely basis to handle this order shift from China or otherwise we will miss the bus again losing to other countries like Pakistan, Bangladesh, Indonesia, Vietnam, Turkey etc.

TT: What is your short to medium-term outlook for the Indian Blended Yarn Industry?

MR. PRASHANT MOHOTA: The unfortunate part of textiles is that it is too unpredictable to predict. So let me just give some variables which will impact Indian Textiles in medium term outlook. Buying Habits changing, Innovation in Man Made Industry, Business Confidence Index, Appropriate & Effective Government steps, US China Trade War, Post – Covid effect on economy, Indian Currency Exchange etc will decide the future course.

Branded Indian cotton will reduce import dependency

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when the shipping logistics are likely to be cheaper in view of shorter distance.

TT: What is your short to medium-term outlook for the Indian cotton industry?

MR. PRADEEP AGARWAL: Short term outlook: Indian cotton industry should make concentrated efforts through community based approach where textile consumer, research institutes and cotton farmers may come together to set up a sustainable system for production of good quality contaminant-controlled cotton to give an impetus to sustainability in cotton.

Medium Term outlook: Indian cotton industry may come forward to adopt protocol of Indian Brand Cotton "KASTURI COTTON INDIA" launched by the Government of India. This will enhance international perception and valuation of Indian cotton.

Branded cotton will reduce import dependency, enhance export & foreign exchange earnings and serve the textile industry on large scale, thereby ensuring higher returns and sustainability for cotton farmers and making India Atmanirbhar. Higher returns will motivate the farmers to adopt best farm practices i.e. using gloves, head caps, mechanized picking and cotton bag for picking cotton to reduce contamination. This will also result in production of contaminant controlled cotton and fetch premium.


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Post Covid Opportunity for Textile Industry

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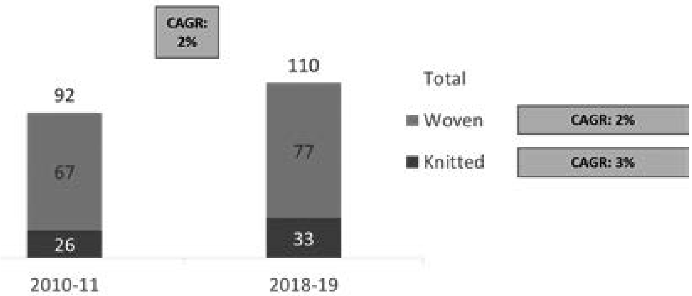
Figure 6: Global Trade of Fabric (Values in US$ Billion)



Data Source: UN Comtrade

EU and Vietnam are the top two markets for Fabrics with a combined share of 32%. On the supply side, China dominates the global trade of fabrics with 52% of share followed by EU with 17% of share.

Figure 7: Major Markets of Fabric

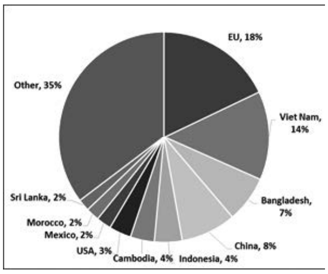
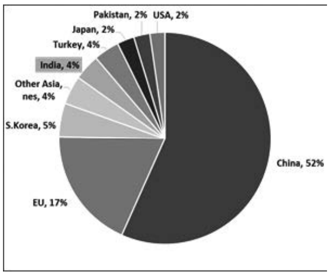


Figure 8: Major Exporters of Fabric



Data Source: UN Comtrade

While the global trade of both yarn and fabric has reduced in the current year due to the COVID-19 pandemic, it is expected to rebound and grow next year onwards.

WHAT BUYERS ARE LOOKING FOR?

The post pandemic industry will demand a bunch of changes from the existing textile & apparel suppliers in terms of operational excellence, service orientation and sustainability. The requirements of buyers are undergoing a metamorphosis to align to the new normal. On the other hand, growing global competition will make it even more crucial for suppliers to cater to these requirements.

*** Reduced Lead Times**

Apparel brands and retailers are fixated on the ?read and react? supply chain strategy, which translates to analyzing or ?reading? market trends and ?reacting? by accelerating the delivery of products. It is for this reason that buyers have reduced lead times at the top of their preference list. Textile & apparel manufacturers need to transform their operations in line with these ?read and react? strategies. Manufacturers need to focus on efficient planning and speedy production in order to become an eligible player in the speed to market race.

*** Buyer-Supplier Integration**

The ?read and react? strategy warrants connected and transparent supply chains. To make tactical decisions, buyers need to regularly monitor and communicate with all the critical entities of the supply chain. The buyers and suppliers need to work as integrated partners for smoother and more efficient production.

*** Flexibility in Manufacturing**

With trends like fast fashion and changing consumer preferences, retailers across the globe are focusing on order widths rather than depths, i.e., they roll out more styles with minimal order quantity. Manufacturers need to equip their facilities to cater to a wide range of style variations while still maintaining the ability to efficiently manufacture large quantity basic commodities. An increased emphasis on competent sampling and production processes can help in fulfilling the ever-changing demands of the buyers.

*** Compliance and Sustainability**

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

*** Optimum Cost & Quality**

Cost and Quality are the two initial pillars used by buyers for choosing a supplier. It is a well-known fact that Asian nations have always been a part of the low manufacturing cost hustle and this puts a lot of pressure on companies to retain their buyers. Competitive advantage comes through superior product quality and customization. Textile & apparel manufacturers need to optimize their costs while keeping the quality intact in order to surpass their competitors.

Buyers tend to favour sourcing destinations that are cost competitive. China, Bangladesh, Vietnam and India are among the largest garment exporters in the world. Although, India?s factor cost is competitive when compared to its Asian peers, these countries have higher apparel export values. India has many advantages to become a top class destination for buyers to look

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Savio
Savio Sirius


Savio Cosmos
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Post Covid Opportunity for Textile Industry

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Parameter	India	China	Vietnam	Bangladesh	Ethiopia
Raw Material Availability	*	*			
Skilled and English Speaking Manpower	*	*			
Large and Growing Domestic Market	*	*			
Complete Value Chain	*	*			
Availability of Readymade Infrastructure	*	*	*	*	*
Large Scale Capacity		*	*	*	
Preferential Access in Specific Markets	*		*	*	*
Presence of Large Integrated Players	*	*	*	*	
Social, Political & Economic Stability	*	*			

beyond China providing an end-to-end complete solution for all buyer's requirements. (See Table above)

India must act swiftly and strategically to restart and restructure its textile & apparel industry. Manufacturers must make efforts to understand the changing global context and consider the buyers's requirements while formulating their strategies.

WAY FORWARD

To sustain in the current market scenarios, Indian textile companies will need to following two key aspects of business

1. develop long term vision for the business and focus on these key factors to emerge as a winner.

2. Focus on achieving manufacturing excellence

DEVELOPING LONG TERM VISION AND ALIGNING BUSINESS AS PER POST COVID WORLD DEMAND

Textile companies need to review the market opportunity emerging in the post covid word and align their business accordingly to tap the opportunity. Following are some the key aspects that needs to be focused on going forward:

*** Focus on vertical integration**

Buyers now prefer sourcing from full package suppliers who have vertically integrated facilities. Manufacturers need to invest in integration of their supply chain in order to respond faster to the buyer?s requirements and aid them in speed to market.

*** Focus on synthetics**

India?s synthetic textile manufacturing is largely focused towards low-value commodity products. However, the demand for value added synthetic fabrics is growing worldwide. 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.

*** Focus on sustainable practices**

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.

*** Focus on manufacturing excellence to reduce cost**

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.

*** Look beyond USA and EU to export**

Although USA and EU are major markets for textile & apparel products, India should focus on diversifying both markets and products. Indian companies should also look out for new markets like Japan and South Korea. These are potential markets where India can increase its exports share.

*** Prove committed and reliable for on-time deliveries**

Textile and apparel companies need to maintain close connect with buyers and be ready to respond to buyer requirements. Service orientation and on-time deliveries will be the key for suppliers to maintain a consistent relationship with the buyers and will help them in retaining them for a longer duration.

*** Immediately capitalize on healthcare textile opportunities**

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 pandemic. This is a lucrative opportunity for the textile industry in the near future.

*** Partner with international companies for technical and market knowhow**

Cross-border partnerships have long been believed to bring

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investments and technical expertise into the country. It benefits the entire value chain facilitating knowledge transfer, product innovation and technology advancement.

FOCUS ON MANUFACTURING EXCELLENCE

With increasing pressure on prices in the post covid world, it will be increasingly important to focus on manufacturing excellence to maximize profitability. Manufacturing excellence is the key to build a foundation of the new normal in the manufacturing world. This concept allows manufacturers to reap holistic benefits including superior product quality, high productivity, on time delivery and cost optimization.

Given below are some of the key components of manufacturing excellence that companies need to focus on:

*** Planning**

Due to the innate nature of the industry, the enterprises have to devise effective planning mechanisms. This involves demand forecasting, coordination, changeover planning and capacity balancing. Such effective planning practices will result in shorter lead times, inventory optimization, maximum utilization and OTIF.

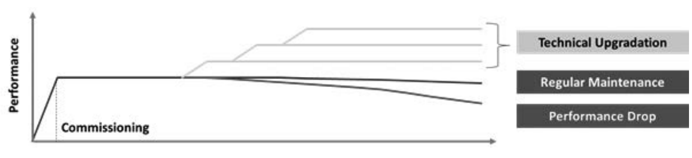
*** Technology Focus**

Technology has a significant role to play in textile & apparel manufacturing to achieve higher productivity and quality. Technology focus has three major benefits:

o Maximizing efficiency: This can be achieved by regular maintenance and fine tuning of machine to prevent frequent breakdowns and ensure smooth flow of operations

* Cost Optimization: Technology intervention results in manpower optimization and energy saving measures

* Attaining global benchmarks: Using state of the art machinery and implementing performance enhancement packages in the form of attachments, software, machine retrofitting, etc. can help companies raise their performance levels to global benchmarks



*** Systems & Processes**

Automated processes are easier to standardize and hence, variations are minimal. Textile & apparel industry is labour intensive and hence, it is difficult to standardize operations. India, despite being the second largest manufacturer of Textile & Apparel, lacks Standard Operating Procedures (SOPs). This has called for standardization of process throughout the industry to remove redundancy and ambiguity. This shortens the speed time to market throughout the supply chain.

*** Skill Development**

In order to achieve global competitiveness, availability of productive and skilled manpower is very important. Investment in improving the skills and productivity of the workforce is required. High Performance Training envisions a facility where operators are multi-skilled as they undergo a proper hierarchy of training ? from foundation to advanced area specific training modules. Apart from technical skills, it is important to provide operators with soft skills, which includes motivation, health & hygiene, social security, group behavior, personal finance, self-management, time management, team management, etc. These skills instill them with organizational behavior.

*** IT Integration**

IT integration is a necessity for growth and is unfortunately still missing in a majority part of the textile & apparel industry. It can be used by small as well as large enterprises. IT tools like Management Information System and Enterprise Resource Planning (ERP) can be utilized for achieving efficiency and improving quality of production. It automates work flow and makes the process faster and traceable to identify delays.

Making these shifts will take a series of strategic and tactical changes, including developing production capabilities, bridging the infrastructure gap and strengthening the image of the country as a preferred sourcing destination. Overcoming the hurdles brought by the pandemic will be a gradual process. It will take new collaborations and approaches to add value to our textile & apparel industry. However, companies that will adapt to these new shifts will reap the most benefits in the long term.

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young entrepreneurship developing in India.

These new entrepreneurs are opting for new technologies like technical textiles, green textiles, environmentally friendly textiles, recycling textiles and disposable textiles. All these ideas are no longer jargons. The next generation is seriously thinking about developing this particular space of innovative products and transforming new business ideas into reality.

It will help India into becoming a home for large textile businesses and will help get back our name as the biggest textile giant on the world map.

GOVERNMENT FOCUS

It may not be right on my part saying that the Indian government led by our beloved Prime Minister Mr. Narendra Modi under his first and second term is successful in bringing reforms and taking care of all the issues arising in the textile and apparel sectors. As I feel they have not paid that much attention towards this very old industry creating millions of jobs.

It is my point of view that somehow the government has ignored the capability of this particular industry. Reasons being if we look from jobs created till now by the industry i.e. 105 million people directly and indirectly & consider at least an additional growth of 50% in this sector. We would have created a lot of jobs to handle the current issue of unemployment.

The second reason being focus only on yarn manufacturing and not explored the complete value chain. If we see the Apparel industry giving tremendous job opportunities, the efforts of the government in promoting this sector internationally somehow lack much-needed aggression.

We know that currently there is an anti-China atmosphere in the world giving us the advantage of exploiting this situation and becoming world leaders. If we see our progress in medical textiles from PPE kits, face mask, other hygiene related textile products, we will see that within 2-3 months of the pandemic we became self-sufficient to fulfill our country demands. Similarly, we should understand that creating jobs is our biggest need as important as infrastructure to become super powers. This is the main reason that the government must focus on the textile sector giving a lot of direct & indirect employments and show its seriousness for the growth of its people. As a nation grows only when the people in it grow.

Instead of exporting yarn produced to in our country we should focus on converting this yarn into end products which will multifold the job opportunities created by this sector and hence this should be the vision of our Indian textile Industry & our Prime minster must give dedicated time to this sector. Being a Textile person I feel this should be the ultimate agenda of our government.

The government needs to come out with a complete model for the revival of the Indian textile industry taking care of all the fibers & not explicit few up to its conversion into a finished product. We must strategize conversion products for them not just apparel but a variety of technical textile products.

We must consider the various opportunities globally & map our productions as per the global demands, understand the market gaps like where we can compete with China in terms of price, replace certain products from our innovative basket, etc. In short, we need to have a full-fledge draft policy having plans for 5 years, 10 Years & 20 years. It should be a complete document covering all aspects so that every person in the sphere different segment within textiles can work on his specific segment taking care of the country's vision. All supports & relevant infrastructure needs should be taken care of.

The Textile Parks were a great initiative but somehow we're not able to capture good limelight. Effluent treatment plants must be made available rather than every entrepreneur need not come up with its plan & being stuck in the permission cycle of getting pollution control certificate & other mandates that slow down the growth & ease of business. Though the certification needs cannot be ignored as processing is a hazardous operation that needs to be handled carefully.

But since the requirements of apparels will be persistent an easy way out of developing the working models for use by the industry is the call of the hour. Also, financial support is another aspect to look after, the financial support is been misused in the past by few players but we need it to be reformed & not categorized as a red category by institutes not much profitable but it is a huge capital incentive industry needing support from financial institutes at par with other global financial institutes. Moreover, energy cost needs to be controlled with new innovative energy reforms.

NEW ENTREPRENEURS

As informed earlier new entrepreneurs need to venture into textiles. We all know fast profit-making industry can also shut down that quickly, the pandemic has shown a reality check for it. The norms of having certain profitability and return on investment within a year on two needs to be reassessed by the players. Their vision should be for years to come & not grow every year by 20-30% but be an industrialist planning to be in the long run league say for 25 years or so. With this prospective, the plan has to be

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robust, successful & the most important flexible plan to switch from product 1 to product 2 or 3.

This is the main reason why the textile industry is best suitable it may not offer double-digit profits but a consistent & certain single-digit profit obviously a figure near to 9% to begin with. As you will have a top line with high capital cost opting for technology that is sustainable. So new entrepreneurs need to venture with new products in different regions & innovations completely avoiding the herd mentality. The product identification should be such that the person is reckoned for it.

The owner must have passion for the project and the product must be very close to his heart. He should be understanding the capability of that product segment & feel the ups & downs of the industry & go through the life cycle of that product & then select it as the product for investments.

All innovations needed for future, technical textiles, finishes, green textiles will be the products of the future rather than venturing into traditional textiles. So research & study before entering must be the must act for success and help of consultants like us can also narrow down the business line and suggest new ideas.

INDIAN CITIZENS

Quite recently our relationship with China has led to the ban of the various app in our own country. On a personal level, people have also started boycotting Chinese products.

The same situation can come across the world. It is now time that the pride of India shines through by completely not utilizing a product that’s touched by China. The obvious reason is that the money borne for the product in some share will benefit the Chinese military threatening to invade our land.

It is a war that’s currently arousing and a stop by shifting to alternate products over Chinese companies can be a small contribution by us the proud citizens of India.

As well as by shifting to local sources we are helping our own citizens grow & there is only greatness in this act of vocal for local. If at all certain products are not developed and there are value additions done in India or by some other countries on such products we may utilize them.

TEXTILE FACTORIES

As stated above being Indian citizens we will start consuming “Made in India” products but at the same time, Indian factories should also understand that whatever they are producing should be top-notch, right from the selection of raw material up to the end product, has to be of world standard.

The reason is, now we need to understand that whatever we are producing has to be the best. So, whatever technology we are using has to be the best. When I am saying the best means it has to be appropriate as per the market, as per the price, and as per the demand from the consumer. So when Indian factories are producing a product, it has to be 100% perfect. Whatever parameters are required for a particular product, needs to be taken care of by the manufacturing units. You cannot mix other fibers (waste fibers) into good fibers.

The production should be done with 100% dedication and integrity for the products. At the same time producer has to meet all the qualitative parameters and take care of the utmost hygiene in the production.

The unit should have a separate dining facility, the production hall should be clean, dust-free, and bacteria/virus-free. Proper social and safety distancing norms should be followed. The Air conditioning /HVAC systems should virus free and cleaned daily. The Toilet area should be cleaned periodically. It should be monitored by a qualitative agency. We should comply with all the hygiene standards from the buyer's point of view.

Explore Unexplored Markets

As explained earlier there will be new products that the era post COVID19 will demand. So a new galaxy of opportunities has surfaced be it in the health hygiene segment, finish specifics, organic & greener world.

All the opportunities are like one big blue sky waiting for the right player to explore it & mark its presence on it. For eg. disposable curtains which are cheaper, having physical characteristics required for that particular purpose, certain lifespan for which they will be utilized and later on they can be changed & so we can have variety of colors and design possibilities changing periodically giving new look to the same old place.

This is not only longer restricted to hospital use but also hotel industry instead of having huge investment in curtains, bedsheets that now as per norms need to be sanitized. So untouched, cheaper, and catchy eye color combinations/ embossed designs of curtains, bed sheets disposable in a few uses will be an excellent product to develop.

Also scaling down the life of certain garments that lie in the wardrobe with clothes that are new for every occasion within the budget-friendly aspect will be certainly what the consumer will be happy to invest in. As one certainly doesn’t need clothes staying

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in wardrobes attracting viruses, bacteria & foul smell.

TECHNOLOGICAL GAPS

As stated earlier, we know that there are technological gaps when it comes to spinning we have European make, Japanese make and we have Chinese make as well as the Indian make. Somehow Indian make machineries are doing exceptionally well at the price at which they are currently working. So techno-commercially we have accepted them and they are having a very good market share. And even the global players, they have started manufacturing spinning machinery in India. At the same time if it goes to weaving, then we don't have anything. We have all weaving looms which are imported.

Why can't we make a weaving loom in India? I was involved in one of the studies for one of the reputed companies and we came to know that the bought-out items were more than 35 – 36% I remember at that time and they need to be imported. So your basic machine is 60 or 65% and then again because it is a sheet metal you cannot have the advantage of having made in India and that is where there is a gap. Somehow this feeling of techno-commercial analysis is not happening as far as manufacturing of weaving machines is concerned.

But looking at very large shuttleless looms getting consumed nowadays within our country there is a dire need of having manufacturing plants within India and meet this particular requirement. There may not be good returns on this particular business cycle but maybe through government initiatives, supporting in Make in India, having various marketing tie-ups that are not yet explored in a big way can be again explored in order to take care of the Indian textile industry and especially in looms.

We have very good preparatory weaving machines made in India but we do not have looms. So these are the few aspects of technological gaps. Likewise, we also have processing machinery manufacturers in India. They need to do certain technological advancements on the machines so that they can be at par with global quality standards.

At the same time as now, markets are shifting, almost European markets are on the verge of closing, all machinery manufacturers over there, the way they have thought a few years back to come to India or China and they have opted for China because of certain reasons.

Mainly there were two issues – one was corruption in India and the other being logistic cost within India. But now all parameters are been taken care of which is new government initiatives being more transparent giving lot more facilities to foreign investment coming in.

With these things need to happen and this would give advantage to our country and from that perspective, the entire manufacturing set up needs to be established in India. At the same time from the point of view of manufacturing goods, rather the finished goods which are getting produced in India have certain gaps. So these technological gaps need to be removed while taking care of manufacturing in India for the Indian customers and as stated earlier we need to be the best as far as whatever facilities which we have we should produce and supply the best.

I think from the Indian perspective we need to have quality institutes which would take care of surprise visits, periodic visits to the manufacturing plants and they need to certify them that this particular unit is having this much of compliances, they can take care of customer needs, having this type of technology because many times especially from the global perspective we do not get actual performance parameters of that particular manufacturing unit or how they are doing it whether they are taking care of quality whether they are taking care of child labor, other social reforms.

All these need to be certified by an independent agency so if at all there is a certifying agency that can take care of all these issues that will help in a big way for the manufacturers, as well as their buyers.

"EFFICIENCY" KEY OF SUCCESS

Most of the Indian players have appropriate technology installed, good raw material, suitable infrastructure, skilled workforce, product knowledge & technical know-how the only lacking factor is reaching the efficiency levels. It is the lack of discipline that results in efficiency loss mostly human-related loss resulting in inefficiency.

The dedication level is what lags as compared to other countries. A more social environment & involvements in things beyond work during the working time is what is the major reason for the low efficiency. The management needs to be efficient to set parameters for delivery, adaptability of online monitoring & systems for operation. Taking care of production parameters & efficiency levels at different stages.

Monitoring & rectifying the time losses is the major reason. A quite alarming reason, In garmenting especially our efficiency is lower as compared to China, Bangladesh, or other competing

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countries when all other parameters are constant is the reason why we suffer in the international markets.

CONCLUSION:

We need to understand that there is still an opportunity for the key stakeholders of the Indian textiles & apparel business to take care of the difficulties faced over the years. We need to rectify ourselves & be more efficient to have a thorough understanding of the global market demands. The Post-COVID era will be different, we need to understand every business from the ever-growing importance of hygiene. We need to come out with various finishes before the developments are done by any other Nation or before any possible outburst of a virus just like this again surfaces around the globe.

We must also assess ourselves as per the new normal of maintaining checks of temperature, medical conditions & following practices of social distancing to avoid any more setback that may arise due to negligence by a single person in our factory affecting our entire staff and thereby the business in the picture.

Using our rich culture, raw material availability & support of the government should develop this sector by venturing into new & unconventional products by making the product specifications as part of their DNA. Focus on improving efficiency in all the sectors from banking procedures to the manufacturing lines is the demand of India rising to become a Superpower.

The supporters as citizens to all products made in India and voicing for the brands of Indian-owned companies not just merely in the unlock period but also for the years to come will be the motto for our success. A focus on protecting the environment & stitching our deficiency & covering the gap from distant number 2 to a strong competitor is what the aim should be for the textile industry.

LET US STITCH IN TIME…AND GRAB GLOBAL OPPORTUNITIES IN THE FUTURE!!!

Consumer sentiment is the driving force

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2020 season and what are your cotton production, consumption and export estimates during 2020-21 cotton season?

MR. ASHWIN CHANDRAN: The performance of cotton fibre market started on a softer note and gradually strengthened during the first six months of the marketing season, and the 2nd half of the season has seen sharp decline in both demand and prices due to COVID-19 pandemic induced nationwide lockdown, resulting in drastic drop in consumption and cancellation of export orders on account of widespread novel corona virus.

Hence cotton consumption has come to a grinding halt, resulting in huge closing stock of over 100 lakh bales for the season.

For 2020-21 cotton season, good rainfall has been predicted. Due to attractive MSP price, farmers preferred cotton and the area under cotton is likely to be same as last season (i.e) 133 lakh hectares.

Hence, a bumper crop of around 400 lakh bales was anticipated. But the recent down pour in the States of Maharashtra and Telangana is likely to affect the crop, however, the production would be higher than 370 lakh bales.

Under the Covid-19 pandemic scenario, the cotton consumption by the mill sector is expected to be less than 300 lakh bales and exports at 50 to 65 lakh bales for the cotton season 2020-21. The recently launched Indian cotton brand, “Kasturi Cotton” is likely create a premium value for the Indian cotton and cotton textiles in the global market.

TABLE - 2: COTTON BALANCE SHEET
(In lakh bales of 170 kg. Each)

Particulars	**2019-2020 (P)**	**2020-2021 (E)**
SUPPLY		
Opening Stock	44.41	105.44
Crop	357.00	375.00
Import	16.00	12.00
TOTAL SUPPLY	**417.41**	**492.44**
DEMAND		
Mill Consumption	228.16	270.00
S.S.I Consumption	18.81	24.00
Non Textile Consumption	15.00	15.00
Export	50.00	65.00
TOTAL DEMAND	**311.97**	**374.00**
Closing Stock.	**105.44**	**118.44**

Source: For 2019-2020 - O/o txc & For 2020-2021 - Estimation

TT: What are the main problems and prospects you foresee for the cotton textile industry in the current financial year?

MR. ASHWIN CHANDRAN: The major problems encountered by the cotton textile industry during the current financial year are financial stress, uncertainty in the market scenario owing to the prolonged Covid-19 pandemic impact in the absence of proper vaccine, surge in the imports of ready-made garments and VSF spun yarns, etc.

The industry has sought for two years moratorium period for repayment of all loans as large number of textile units will not qualify for Covid-19 debt restructuring facility as their accounts were not standard as on 31st March 2020; these units were facing financial crisis well before the Covid period due to sluggish market conditions (especially the spinning and composite units).

Consumer sentiment is the driving force for the trading and the manufacturing sector. Priority of public spending has seen a paradigm shift and the Government is ushering all means to enhance the spending capacity and quality of the public, more specifically its employees.

Garments and made-ups being ready-to-use final products, enhancing the purchasing capacity would have a direct positive impact on the sales of the value added final textile products.

Considering the large & growing domestic market of India, it is sure that demand for textiles & clothing will pick up soon in India, the dual reasons being fast approaching festivals and governmental encouragement to spend.

This will enable the industry to curtail the damages due to COVID-19 and improve on the growth prospects in near future. Some demand from the US and the EU markets is expected to gradually shift from China to other major garment manufacturers like India, Bangladesh etc., in the near future as the customers will like to decrease their dependence on China due to anti-china sentiment.

TT: What is the cotton textile industry’s biggest challenge now?

Mr. Ashwin Chandran: Despite being the largest producer and 2nd largest exporter of textiles India’s share in world textiles and clothing exports is around 5% while China accounts 38%. At the same time other competing nations like Bangladesh, Vietnam etc., have increased their share in global T&C in a short span. The biggest challenge is the global competitiveness.

Competing countries could achieve substantial growth rate mainly due to the cost advantage in raw materials of man-made fibres and filaments and of course, the duty-free access in all the major markets.

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Consumer sentiment is the driving force

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Table - 3: World Export Statistics of Textiles & Clothing (Mn USD)

Country	January - December					
	Rank	2016	Rank	2017	Rank	2018
World		730331		759689		801141
China	1	257316	1	258456	1	266536
Germany	5	30716	2	35090	2	38890
Bangladesh	3	34039	3	34910	3	38861
Vietnam	6	29834	4	33053	4	37679
India	**2**	**35529**	**5**	**37442**	**5**	**37148**
Italy	4	32170	6	33992	6	36472
Turkey	7	26192	7	26834	7	27877
United States	8	23609	8	25885	8	27144
Hong Kong	9	22797	9	21314	9	20438
Spain	10	16526	10	18643	10	19278

Source: DGCI&S

Some of the major challenges are:

* The Indian Textile Sector is losing to competition because of lack of FTAs (Free Trade Agreements) with the EU and the USA.

* The small scale of business is making it difficult for textile manufacturers to compete on cost with players from outside.

* India is facing huge competition from other countries in Ready-made Garment (RMG) Exports, particularly cotton. While the world of fashion is moving towards "Blends", India is not into prioritized manufacture of blended apparel items.

* Lag in product diversification, scale of operation, processing and finishing.

* Textile imports from Vietnam and Bangladesh are cheaper for buyers across the world.

TT: What is your opinion on the recent agriculture reforms introduced by the Indian government? What impact will it have on the Indian cotton sector and its value chain?

MR. ASHWIN CHANDRAN: The agriculture marketing and commodities trade reform is yet another bold and proactive historical reform that would bring sea change in the economy and greatly benefit the cotton textile industry as over 6 million cotton farmers would be benefited out of the reform. Freedom and empowerment given to farmers and traders under the new enactments will create win-win strategy for all the stake holders. In the case of cotton industry, cotton farmers and textile industry can venture into contract farming to meet their cotton quantity and quality requirements on a long term basis especially for procuring speciality cotton like extra-long staple cotton, organic cotton, naturally coloured cotton, etc., that have great market potential in the coming years.

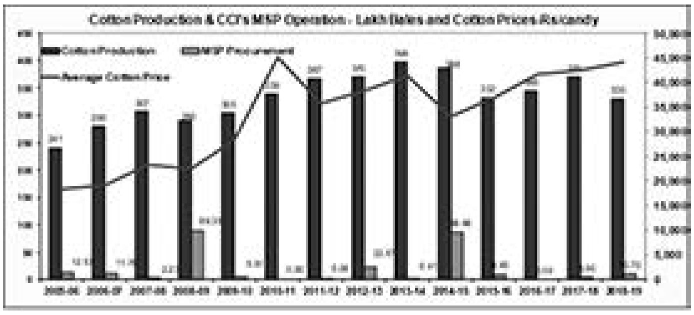
It is expected to pave the way for creating One India, One Agriculture Market in the country a corollary of One Nation One Tax implemented in the form of GST during 2017.

TT: Your take on increasing Cotton MSP and its impact on the Indian cotton textile industry?

MR. ASHWIN CHANDRAN: The hike is reasonable and probably will sustain development activities for improving productivity and quality of Indian cotton. However, there might be chances for MSP procurement to a considerable extent due to comfortable supply and anticipated larger crop for the 2020-21 season for the Indian cotton textile industry.

The higher MSP is not likely to result in any negative impact in the entire value chain. However, Direct Benefit Transfer system will curtail the short comings of the existing system by Cotton Corporation of India. Being a public sector, the cost increases and their selling policies often cause hardship for the industry. In the long run, MSP is not a sustainable solution to retain the area under cotton and sustain India's global competitive advantage. Indian cotton yield is not even 50% when compared to more than 20 top cotton producing countries in the world. Similarly, Indian cotton quality is also much inferior when compared to all these countries.

The recently launched Indian cotton, "Kasturi Cotton" will boost the image of the Indian cotton in the world with the benchmarked quality parameters. However, it is essential to announce the Technology Mission on Cotton in the revised format as already recommended by the Ministry of Textiles with the objective of doubling farmers' income by adopting global best practices.



Source : CCI, CAI

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COTTON ASSOCIATION OF INDIA

Established 1921

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Opp. Cotton Green Railway Station,
Cotton Green (East),
Mumbai - 400 033, India
Tel.: +91 22-2370 4401/02/03/04
E-mail:cai@caionline.in

www.caionline.in

Brief Background of CAI

- Engaged in providing a wide range of services to the entire cotton value chain since its incorporation in 1921
- All segments of the cotton trade and textile industry of the country including Mill Buyers, Growers & Growers Co-operatives, Ginners, Brokers, Merchants, Importers and Exporters, etc. are represented in CAI
- 18 Regional Cotton Associations and 4 Co-operative Marketing Societies representing all upcountry cotton producing regions of the Country are affiliated with CAI and represented on its Board as Associate Directors
- Represented on various International Cotton Fora i.e. ICAC, ICA, CICCA, ITMF and several other International Cotton Associations

Activities of CAI

- Cotton testing services at various locations
- Maintains Indian Cotton Grade Standards
- Fixes Daily Spot Rates for all major growths of Indian cotton
- Arbitration and Conciliation mechanism for speedy resolution of disputes relating to cotton trade
- Cotton developmental activities through its research wing, COTAAP Research Foundation along with farmers in various cotton growing States
- Issues Certificates of Origin to Indian cotton exporters
- Disseminates data through its bulletin, 'Cotton Statistics & News', 'Indian Cotton Annual' and website, 'www.caionline.in'
- Monthly estimates of Cotton Crop
- Philanthropic and Religious activities through its various Trusts
- Promote Futures Trading in cotton

Benefits of Membership of CAI

- Cotton testing services to members at a special concessional rate
- Arbitration and Conciliation services to members at a special concessional rate
- Certificates of Origin to members at concessional rate
- Special concessional fee for members for participating in various Seminars, Courses and Conferences organised by CAI
- Platform to represent their views to the Government on policy matters
- Complimentary copies of 'Cotton Statistics & News' and 'Indian Cotton Annual' and free access to CAI Website

Future Plans of CAI

- Setting up of Cotton Testing Laboratories at additional upcountry locations
- Setting up of Farmers' Training Centre at Cotton Green

Consumer sentiment is the driving force

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TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian cotton textile value chain play?

MR. ASHWIN CHANDRAN: Covid-19 crisis has taught India to be self reliant and reduce dependence on imports. During the COVID period, Global buyers are turning to India to source textiles and clothing goods, fashion and lifestyle goods, as China grapples with COVID outbreak. Also global buyers are importing large quantities of medical protective gears including surgical masks and protective clothing across the globe. Notably, the country has become second-largest manufacturer of PPE in the world by increasing its capacity from Zero to two lakh per day within two months and providing the confidence that challenges can be converted into opportunity.

Also, the industry has resurrected the “Make in India” model, consequently attracting foreign investors (exiting China) by considering India as a viable destination for production and operations.

COVID-19 has provided tremendous opportunity to the technical textiles sector, which has already been identified as a prominent growing sector by the government, catering to the innovative needs of the domestic and international markets. The product categories such as PPEs including masks, coveralls and other related products and medical textile products have an” essential category “status and can possibly drive the textiles and clothing manufacturers to recalibrate their existing infrastructure to manufacture these products for the domestic and global market. A global report indicates that the medical mask industry alone would reach a market size of USD 10 billion by 2025. Indian companies are well placed to leverage on this emerging opportunities.

TT: What kind of government support would cushion Covid’s adverse impact on cotton industry?

MR. ASHWIN CHANDRAN: In the post - COVID 19 scenario, it is imperative that India does not lose its market share in the global Textile and Clothing trade, especially in Cotton Textiles and Clothing. We have been a global leader in Cotton, from fibre to finished products. As demand for traditional products will take more time to normalise, there will be several new applications and markets, that needs to be quickly captured and capitalized upon.

Under these circumstances, it is imperative to announce a special scheme to boost raw cotton demand in the domestic market and boost exports of value added products, viz., to protect the interest of the farmers and industry while conjointly reducing the huge financial implications on account of MSP operations and carrying cost by CCI. The cotton textiles and clothing industry has adequate/surplus capacity across the value chain to convert the excess raw cotton into value added products and cater to both the domestic and international markets.

The following suggestions will help the industry to revive from the current crisis:

* Release of long pending subsidies amounting over Rs.12,500 crores under various TUF schemes by simplifying the TUF guidelines and enabling ease of doing business as per the objectives of TUFS.

* Announcement of New National Textile Policy.

* Technology Mission on Cotton in a revised format with a Mission-Mode approach.

* Implementation of Direct Benefit Transfer System to compensate farmers under MSP operations and allow market forces to determine prices

* Include cotton yarn and fabrics also under the RoDTEP scheme.

* Remove Anti-Dumping Duty levied on Viscose Staple Fibre and slot the entire MMF value chain under 5% GST rate.

* Implement adequate safeguard measures to prevent cheaper imports.

* Extend the EPCG Export Obligation Period by another three years from the date on which the COVID lockdown is fully lifted.

* Refund benefits declared under Foreign Trade Policy in a time bound manner.

* Refund GST paid on services and capital goods.

* Extend the moratorium period and announce measures to address liquidity crunch.

* Encourage use of cotton fabrics (lighter construction, 30s x 30s) as inner body wear while using PPE to improve comfort for users.

* Encourage cotton fabric usage for various medical applications and encourage export of such products.

* Extend all the export benefits (IES, MEIS, RoSCTL/ RoDTEP in addition to duty drawback) currently extended for ready-made garments and made-ups to cotton yarn, grey cotton fabric, finished cotton fabric, cotton technical textiles including medical textiles; also extend any other additional benefits extended for RMGs to all cotton textiles and clothing products in the entire value chain.

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Consumer sentiment is the driving force

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* Announce a special export incentive of 4% for cotton yarn, 5% for cotton fabric and 6% for garment/ made-ups / technical textiles products and thereby boost exports.

TT: There is rampant imports of yarn, fabrics and garments into India at zero duty or negligible duty rates under various agreements. What do you suggest to curb the unfettered imports?

MR. ASHWIN CHANDRAN: The continuous rise in import of yarns, fabrics and garments of Man-Made Fibres (MMF), especially after the implementation of the Goods and Services Tax (GST), is deeply hurting the domestic MMF textile sector. The industry has been demanding that the MMF basic raw materials, fibre and filaments be made available at international price.

The anti-dumping duty was the major reason for stalling the growth of the Indian textiles and clothing industry apart from other reasons. The domestic MMF manufacturers have been adopting import parity pricing policy to curtail the imports of man-made fibres and filaments.

Recently, the Government was bold enough to remove the ADD on PTA and reject the proposal of levying ADD on MEG and PSF. This has now created a level playing field in the polyester segment. Similarly, the Government has also addressed the ADD issue on certain other man-made filament yarns.

The only long pending agenda is the removal of ADD levied on viscose staple fibre. Almost 1/3rd of total spun yarn is getting imported. There is also surge in the imports of VSF blended ready-made garments. Any levy on VSF spun yarn will greatly hurt the power loom and garment sectors. Therefore, there is an urgent need to remove the ADD on VSF.

The Ministry of Textiles has recently requested Bangladesh to increase its imports of yarns and fabrics from India rather than importing from China (in the total textile imports of Bangladesh, China accounts around 54% while India accounts only 17%). This is possible only when the raw materials are made available at an internationally competitive rate.

(See Table 3: India's Import of Viscose Spun Yarn and Figure - 1: India's Import of VSY from China and Indonesia (Qty '000 kg)

TT: Textile Sustainability has become a public and economic concern. What is your take on sustainability?

MR. ASHWIN CHANDRAN: As the country is confronted with environment issues, it has become imperative for Textile industries to adopt eco-friendly strategies. Sustainability is frequently illustrated through the idea of reduce, reuse and recycle, encouraging individuals and businesses to reduce their consumption of resources, such as water, land, oil, etc.

The textile industry has many reasons to place an emphasis on sustainability, including reduced costs, protection of the environment and sustained goodwill from its customers for eco-friendly practices.

Also Industry is focusing on reducing water pollution and increasing use of organic colors in Apparel manufacturing. There has been a surge in awareness among consumers on environmental issues. Brands/ private labels started catering to

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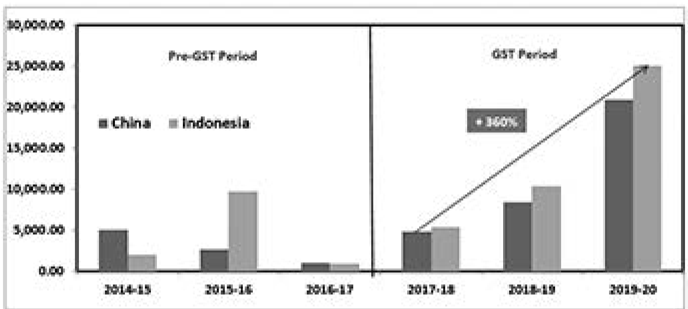
Table 1: India's Import of Viscose Spun Yarn

Year	Total Imports	China	Indonesia	Total Imports	China	Indonesia
	(Qty '000 kg)			(Value in Mn. USD)		
Pre - GST						
2014-15	7572.67	5062.95	1991.17	18.86	12.66	4.54
2015-16	13175.15	2613.26	9782.14	31.23	6.73	22.55
2016-17	2021.87	1003.80	870.42	5.74	3.04	2.14
Total	22769.69	8680.01	12643.73	55.83	22.43	29.23
GST						
2017-18	11903.57	4826.32	5346.36	32.90	13.52	14.53
2018-19	21150.00	8436.82	10354.62	58.85	23.62	28.61
2019-20	53526.66	20888.06	25040.80	122.04	47.60	56.82
Total	86580.23	34151.20	40741.78	213.79	84.74	99.96
% Change	280.24	293.45	222.23	282.93	277.80	241.98

HS Code: 55101110, 55109010, 55101190 and 55109090

(Source: DGCI&S)

Figure - 1: India's Import of VSY from China and Indonesia (Qty '000 kg)



Consumer sentiment is the driving force

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this market especially in Babies, Kids wear and Premium Adult wear category segments.

Ministry of Textiles has advised certain major textile hubs like Coimbatore and Tirupur to brand sustainability, as these clusters fulfill all the requirements of sustainability by using non-conventional energy to the tune of 100%, energy conservation measures to the maximum possible extent, conserving water, planting trees, rain water harvesting, adopting zero liquid discharge technology for treating and disposing textile effluents, recycling of water, use of recycled fibres produced out of PET bottles, cloth cut wastes, etc., use of waste cotton, adopting compliance code, etc.

TT: What could be the impact of a China-US trade war on Indian textile industry in general and cotton textile value chain in particular?

MR. ASHWIN CHANDRAN: The impact of China – US trade war on Indian textile industry is likely to be positive. Indian textile industry has a good opportunity to fill the vacuum in disputing countries, created by reduced imports.

China meets almost 50% of textile requirements of USA through export and imports cotton from USA for its textiles. India's advantageous position to supply to the US market is a boost to the Indian textile industry.

India can rightfully fill up this gap. Also India would be benefitted as China would import cotton from India. China being the largest consumer of cotton globally, this opportunity is a healthy indication. However, the industry must be prudent to convert the challenges into opportunities by venturing into value added MMF textiles and clothing segment, improve scale of operation, etc.

TT: What is your short to medium-term outlook for the Indian cotton textile value chain?

MR. ASHWIN CHANDRAN: The economic shocks that follow the COVID-19 pandemic come at a time when the sector was already struggling from the after effects of demonetization, GST reform and other declining economic indicators.

Short-term Outlook:

* Increase in capacity utilisation of more than 70% will result in regaining lost employment

* Positive trend in order enquiry with the revival taking place at major textile clusters

* Negotiations and confirmation of export orders have also started picking up

* With the festival season around the corner, the domestic market is expected to receive new orders.

* Various financial relief measures announced by the government (including the significant changes made in the eligibility criteria of MSME segments, benefits extended to MSME segment) have helped the industry revive from the sudden shock and improve its liquidity.

Medium-term Outlook:

* PPE market has seen a dramatic growth during the initial months of the pandemic and now stagnated due to sudden jump-in of manufacturers that has resulted in over production (Government may consider further relaxing the exports of PPEs).

* Owing to the estimated historical cotton stock of over 100 lakh bales and branding Indian cotton (Kasturi Cotton), export opportunities for cotton and its related products looks promising.

* With the removal of anti-dumping duty on PTA and rejecting the proposal of ADD on MEG and PSF, the polyester segment has started improving.

* Growing consumer awareness on sustainable products will give added advantage to khadi products and its growth.

#

TECOYA TREND WISHES ALL ITS READERS AND ADVERTISERS A HAPPY DIWALI AND A PROSPEROUS NEW YEAR

VFY to witness higher consumer preference in future

Continued from Page 24

locations, our endeavour is to ensure safe and sustainable operations, reduce environmental footprint, invest in product innovation and build a consumer facing fashion brand to enhance customer value proposition. At the manufacturing end, since VFY operation is water intensive, a critical focus on water conservation is always the norm. Also, our raw material, wood pulp, is from sustainable wood sources. VFY is of 100% natural origin and hence a sustainable textile ingredient.

TT: The Prime Minister has placed importance of Aatmanirbhar or self-reliant India. What role can Indian VFY industry play?

MR. OMPRAKASH CHITLANGE: Self-reliance can drive India to greater heights of economic development. We need to accept and promote garments and fashion accessories manufactured with yarns and fabrics made in India. The textile value chain has to work in unison as one industry, resisting imports across all stages. There is also a seamless connect required with large brands and retail in the country where they also become a part of the textile industry. India is rich in textile ingredients, has the best fashion creativity and technical acumen coupled with one of the largest consuming markets. There is no reason why we should import. This country has produced KHADI, one of the most elite fabrics of today. In fact, we should aspire to be a '100% Made in India' label, where every consumer would flaunt a garment that is totally made from Indian roots.

TT: What is your take on the recent labour reforms introduced by the Indian government?

MR. OMPRAKASH CHITLANGE: Ease of doing business is an essential element to attract foreign investments and promote entrepreneurship. The labour reforms recently introduced by the government aim at improving the ease of doing business in India. They have also ensured that the workers' rights are not compromised in this process. It is a win-win situation for both employer and workers.

Compliance to labour laws is essential for every business and the new labour reforms can act as a catalyst.

TT: What kind of government support would cushion Covid's adverse impact on your industry?

MR. OMPRAKASH CHITLANGE: As a part of the Aatmanirbhar Bharat package, the government announced collateral free automatic loan for businesses, including the MSME's and this is expected to infuse fresh capital and reduce the burden on businesses.

Aggressive imports from China is a big threat to the Indian Textile industry and therefore the Government's intervention to check imports is necessary for VFY industry that employs a large number of workforce.

Also, Government support in the form of wage subsidies, deferring statutory payments, reduced GST rate etc. may help manufacturers manage expenses and stay in business till the economic situation and demand improves. Additionally, a boost to retail and consumer mind-set would be essential.

TT: What could be the impact of a China-US trade war on Indian textile industry in general and VFY industry in particular?

MR. OMPRAKASH CHITLANGE: The China-US trade war has pushed many apparel retailers in the west to rethink about their sourcing from China. Popular brands catering to the US markets have started to search for alternate suppliers from South-East Asian countries to avoid tariffs and also owing to cheaper labour cost, electricity cost and other favourable trade policies.

The Indian textile Industry has the opportunity to bridge the gap created and increase its share of exports. However, there is intense competition from other South-East Asian countries like Bangladesh, Vietnam etc. and it depends on how India can attract international buyers with quality fabrics and garment in desired bulk quantity along with favourable trade policies and ease of doing business.

TT: What is your short to medium-term outlook for the Indian VFY industry?

MR. OMPRAKASH CHITLANGE: The Viscose Filament yarn (VFY) continues to be a stable market in India with a demand of around 65000 Tons per Annum. The market remains buoyant with appropriate price premium driven by new trends in fashion fabrics and consumption of brands and retail from India. Consumer preference is moving towards 100% natural and superfine premium fabrics. The industry has faced slowdown in the last few months but now fast returning to pre-Covid levels with improvement in demand from value chain. This market, in the long term, would emerge more innovative, value adding and witness higher consumer preference.


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