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EXPORT AWARD FUNCTION 2015-16

27th January 2017 in Hotel Westin, Goregaon(E), Mumbai.
Presentation of Awards by
Smt. Smriti Zubin Irani, Hon'ble Union Minister of Textiles, Govt. of India



Indian Textile Industry Expected to Consume More MMF than Cotton within Next Five Years

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Cotton intensive global Textile & Apparel industry is taking a rapid shift towards MMF fibre base. It is interesting to note here that in 2015, the global fiber consumption has been around 88 Mn. tons of which manmade fibers constituted almost to 63 Mn. tons. Out of total fibre consumption, polyester constitutes around 55% of share while cotton having around 27% share of total global fiber consumption.

In recent years, polyester has shown an impressive growth at around 6.3% CAGR from 2000-2015 and has gradually consumed the share of other manmade fibers and majorly cotton, the share of which in global fiber consumption is expected to decline from 38% in 2000 to 25% in 2020. Cotton is losing its dominance due to efficiency, cost and availability of manmade fibers. Polyester is expected to dominate global textiles in the foreseeable future in almost all end use categories, while cotton will slowly lose its share.

Impressive growth and volume of polyester fiber consumption is driven by the trends in the global market. The changes in the consumer lifestyle and attitude drive trends in the end products and impact of such trends is passed along the value chain through combination of requirements centered on cost, performance and availability.

The key trends include: increased emphasis on fitness and health due to which people look for comfort along with performance, short fashion cycles, consumer demand of good quality at affordable prices, increased concern over sustainability & requirement of low cost and high performance material for automotive and industrial uses.

Owing to these trends in the global market, polyester has proved to be the most cost-effective, adaptable fiber type, and has increasingly picked up the bulk of new business growth. Its property of recycle and blending with other fibers like cotton and spandex make it most suitable for performance requirements. Polyester provides a combination of comfort and performance as it can be easily processed to improve the fiber properties. Hence has wide acceptance in various categories like sportswear, leisurewear, women dresses, home textiles, automotive, carpet, other industrial segments etc.

Indian Textile and Apparel Industry

India is the second largest manufacturer of textile and apparel in the world, next to China. The Indian textile and apparel exports in 2015 stood at US\$ 40 Bn. while the domestic market size is estimated to be worth US\$ 80 Bn. Textile and apparel industry contributes to about 6% of the US\$ 2 Trillion Indian economy. Indian textile and apparel market is still cotton dominated, while the global market has been inclined towards manmade fibers due to various obvious benefits.

Cotton accounted for almost 54% of total fiber consumption in 2015 while polyester had a share of around 38%. India's presence is still insignificant in global trade of manmade fibre based textile products. India's share amongst the top 15 globally traded MMF based categories, India's share is very low (<3%). However, India's share in categories like polyester filament yarn, packing goods, blouses, carpets and dresses is comparatively higher than others.

Domestic Market Demand for MMF Based Products

Increasing price volatility and upward trend of cotton has made Indian apparel brands to gradually shift the fiber mix in favor of synthetic fibers, especially polyester. Improvement in technical properties of polyester fiber has also supported this shift.

A definite trend can be observed of higher share of polyester & viscose fiber in shirting and suiting fabrics, especially as blend with cotton and lower GSM fabric for saree, which is leading to increased consumption of polyester filament yarn (FDY).

Growth in women's wear category is highest in domestic market, with continuous rise in working women in India, it has increased the consumption of western office wear and also dresses for party wear. Global & Indian brands, are offering such products and increasing the presence of office wear and party wear in their product mix. Fabrics with 100% MMF content or in blend with other natural / man-made fibers are very much suitable for such products.

Indian consumers are also experimenting a lot with their wardrobe including lingerie. Increased consumer education, efforts and communication from leading lingerie brands have made Indian consumers conscious to use right type of lingerie suitable for a particular dress. Use of polyester & nylon fiber is very high in lingerie products like low rise panties for the low waist jeans, t-shirt bras for body hugging upper wear, sports bras etc. and this growth will continue, especially for warp and circular knit products.

Young population, better performance of Indian players in international sports events and better sports infrastructures in urban India are supporting the growth of sports activities in India. This is increasing the usage of active-wear / sportswear, especially among urban population. Consumption of MMF based performance fabric will keep on increasing in India.

Uniform is another category to see significant growth in coming future. Increasing number of school going children, usage of different uniform for different days by many private schools and usage of uniform by increasing number of schools, corporates are also increasingly becoming image conscious and using uniforms. Also, various Government departments like Municipal Corporations and PSUs have started adopting uniform code, is making this segment

to grow. Polyester based fabric of higher GSM is used in such garment construction and demand of these fabrics will grow significantly in coming years.

Hence, Indian textile industry is expected to consume more polyester than cotton within next five years.

Technical Textiles an Important Segment

Technical textile market is still at nascent stage in India and almost all categories will observe significant growth in coming time, which will lead to increased usage of different types of fibers. There are three major trends, which will impact consumption of MMF in India.

A large number of technical textile products, are consumed by industries like automotive, healthcare, infrastructure, oil & petroleum, etc. The increased consumer awareness about hygiene & safety is supporting the growth of baby diaper, sanitary napkins, wipes, high visibility clothing etc.

Higher compliance norms, Indian industries and industrial workers becoming more informed and conscious about the health and safety is increasing the usage of protective wears like flame retardant apparel, high visibility apparel etc.

India has now focused in developing its infrastructures including roads and railway. Moreover many of the road construction is happening in BOT (Build Operate and Transfer) model, where the developer has the focus on improving the quality and lifespan of the road, will support the consumption growth of Geotextile products in future. India has become a global manufacturing hub for automobiles.

The increased manufacturing of cars will have a proportional increase in the demand of seat belts, airbags, seat covers and headliner, which all are MMF based.

The Government of India has taken many initiatives to increase investment in technical textile sector of India.

This has decreased India's dependence on imported finished products within the wide ranging technical textile category and has strived to make those products easily available at a lower price.

Investment Opportunities in MMF Textile Manufacturing in India

With the growing textile and apparel market of India and improving export competitiveness, there are significant opportunities across all fiber types and products. However, MMF based textile products are expected to lead the demand in future.

While India is relatively self-sufficient in terms of fiber, yarn manufacturing and garmenting, the biggest opportunity lies within fabric manufacturing and processing for MMF based textiles.

A large part of the MMF based fabric manufactured and processed in India are low value added and primarily supplied to the mass domestic market.

However there are many value added, performance based MMF fabrics, which are currently not being manufactured in India sufficiently and thus offer huge potential for future investments.

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Duty structure in Asian Countries

These rates are stable from 2006-2015		Excise Duty Structure of Other Competitors				
Sr. No.	Products	China	Indonesia	Thailand	Bangladesh	Vietnam
1	Naptha	17%	10%	7%	15%	10%
2	PX	17%	10%	7%	15%	10%
3	PTA	17%	10%	7%	15%	10%
4	MEG	17%	10%	7%	15%	10%
5	ACN-	17%	10%	7%	15%	10%
6	PSF (including recycled PSF) Est.	17%	10%	7%	15%	10%
7	VSF	17%	10%	7%	15%	10%
8	ASF	17%	10%	7%	15%	10%
9	Polyester Filament Yarn	17%	10%	7%	15%	10%
10	VFY	17%	10%	7%	15%	10%
11	PV Yarn	17%	10%	7%	15%	10%
12	PC Yarn	17%	10%	7%	15%	10%
13	100% Non Cotton Yarn	17%	10%	7%	15%	10%
14	Cotton and Cotton Yarn	17%	10%	7%	15%	10%
15	Growth CAGR (last 3 years)	22%	15%	8%	16%	27%

World consumption Cotton v/s MMF (2015)

	India	Global
Cotton Consumption (MMT)	6	24
Textile Fibre Consumption (MMT)	10	88
Cotton Consumption Ratio	0.54	0.27
Per Capita Fibre Consumption-MMF (Kg)	2.3	11.3
Capacity Utilisation (Polyester)	71%	69%

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The major opportunities for investment in MMF textiles can further be looked at in terms of the following broad areas:

- Import substitution
- Growing segments in international trade
- Domestic market opportunities

India imported around US\$1.8 Bn. worth fabric in 2015 and almost 70% of the fabric imported were MMF based fabrics.

Amongst the fabric categories imported, the fastest growing category comes out to be MMF warp knit fabric. Apart from those, coated and laminated fabrics and MMF woven apparel fabric are also attractive categories.

Demand for those fabrics is expected to be high in future as well. Within the imported knitted fabrics, the major fabric types include 100% polyester, polyester-spandex, nylon and nylon-spandex based fabrics primarily used in sportswear & fashion wear.

The main reasons for high imports of these fabric types is limited processing capability in India for fabrics containing higher percentage of spandex. Also high quality finer denier polyester filament yarn required for those fabrics are not easily available in India, especially microfilament yarns of denier per filament less than 1.

However the fabric made from these fine deniers have high demand in sportswear and fashion wear in India and globally. Currently a lot of these fabrics are imported from countries like Taiwan, Korea and China, primarily due to better technical knowhow available in these countries.

However, with increasing costs of manufacturing in these countries there is opportunity for India to attract investments in manufacturing of those high value added product categories.

Growing Export Opportunity for MMF Textile Products

MMF based textiles is also growing in the export market. In 2015 world fabric trade is around US\$ 142 Bn. with MMF textile constituting more than 50% of trade. The fastest growing categories among all fabric types are MMF warp knit fabric, coated & laminated fabrics and MMF woven apparel fabric.

Hence investment in manufacturing of those MMF based fabrics will be a good idea. The textile production is strongly centered in Asia and the South Asian countries contribute a significant part of it. The growth in global trade and concentration of trade in Asia will drive investments in Asian countries having strong supply base for textile and apparel products.

India will have an advantage from the investment point of view due to its strong manufacturing competitiveness and presence of complete supply chain.

The MMF based textile manufacturing sector is largely dominated by countries like Korea, Taiwan, Japan and China. Each one of these has developed its own USP to grow and occupy a distinct position in the industry. India is yet to catch up and lead the MMF trade.

Role of Industry & Government to Boost MMF Industry

India is still a cotton intensive country however the global trade is rapidly moving towards MMF. In order to enhance focus on MMF trade there are certain steps required from industry as well as government.

Industry investment on technology, value addition and innovation to increase export competitiveness, emphasis on the global buyer needs like compliance, sustainability and overall buyer requirement will be the key to enhance the synthetic trade from India.

Further, increased attention on subsidies, exploring FTAs, collaboration with international R&D institutes for joint projects and incentivizing the Indian manufacturers to encourage indigenous production would be the supportive steps from government which would boost the Indian synthetic industry.

Since the market is growing there is a huge opportunity for India to tap.

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