



**62<sup>nd</sup> Annual General Meeting**

**25.07.2019**

**Good Morning**

**It gives me a great pleasure to welcome you all on behalf of my colleagues and me to NITMA's 62<sup>nd</sup> Annual General Meeting. I am happy to see the presence of our many members here. It shows your keen interest and involvement in various programmes and activities of NITMA. I am grateful to every one of you for your valuable contribution towards its growth.**

**"It is indeed a great privilege for me to welcome respected Shri. S. P. Oswal ji and he hardly needs any introduction. He has steered his business thru' many demanding situations and have paved the way thru' many challenging times. It is a great pleasure and honor for all of us to have him with us today.**

**"It is also indeed a great privilege for me to welcome Mr. Rajinder Gupta ji. He has made great contribution to the industry and has faced difficult times. It is a great pleasure and honor for all of us to have him with us today.**

**Since the complete details of the association activities have been given in the annual report, I am glad to invite Sripal ji to give his Inaugural address followed by Gupta ji on the textile industry scenario and the various challenges, both internal and external to improve the competitiveness and explore new opportunities.**

**During the current year, we have seen significant changes in the economic situation of our country. The industry has new challenges and opportunities in a changed scenario.**

**India's textile sector, covering everything from fibre to garments, has the second-largest employment after agriculture, employing an estimated 45 million workers. It has the potential to double this employment in the next seven years as per the vision document of the union textiles ministry. It is a**



sector which not only provides livelihoods to millions of households, but is a storehouse of traditional skills, heritage, and a carrier of heritage and culture.

Mrs. Smriti Zubin Irani, after taking charge as the Cabinet minister for textiles for the second term and is taking the leadership role to address some of the old pending key issues like TUFs, exports etc.

It is a sector dotted with small and medium enterprises, which make up 80% of the units. The other initiatives will further assist and support to attract new investment opportunities in entire value chain in Cotton Textile, Synthetics, Textile speciality fabrics, Fabric processing set-ups for all kind of natural and synthetic textiles, Technical textiles, Garments and Retail brands.

**Raw material: Cotton**

Data compiled by the Cotton Advisory Board (CAB) 17.06.2019 under the Ministry of Textiles showed India's cotton arrivals for 2018-19 are reported at 304.67 lakh bales, which are around 9.55% less than the arrivals (i.e. 336.85 lakh bales) during the same period last year.

Rainfall during July and August are crucial for Indian agriculture. Hence, we will have to wait until the end of August before making any firm assessment on agricultural output this kharif season.

**Man-made fibres:**

We wish to express our gratitude to the Government of India for reducing the GST rate from 18% to 12% on Polyester Filament & Yarns. This step will revive the downstream industry which is extremely fragmented both in terms of size and the downstream process. However, the woes of Synthetic yarn manufacturers are far from over. The manufacturers of Polyester Filament & Yarns are now facing difficulties due to inverted duty structure. The tax rate on key raw materials is higher at 18%, whereas the finished product is taxed at 12%. The value addition margin is not enough leading to unabsorbed tax credit.



Further, from yarn to fabric, another unabsorbed tax accumulated at fabric manufacturers' end where the GST rate is 5%.

Some of the manufacturers are expanding their capacity and / or adding capital equipment for value added products. Many of the equipment are imported and is subjected to a tax rate of 18%. This is also adding to the burden of unabsorbed tax. This anomaly is causing a tremendous pressure on the working capital. This would have got nullified if inverted duty structure was corrected.

**Down stream:**

The big factor looming large on the sector is the overhang of excess capacity in the fiber and yarn sectors in China. That causes a downward pressure on prices and the flood of imports also remains a constant threat. With rising wages in China, the labor-intensive garment sector is perhaps moving out, and represents a great opportunity for India. But unless that is grabbed soon with a coherent and holistic national policy, we run the risk of losing to countries like Vietnam.

India accounts for roughly 14 per cent of the world's production of textile fibers and yarns. The readymade garment sector is currently the largest contributor to India's total textile and apparel exports, accounting for roughly 41 per cent. India's growth rate has been boosted by initiatives, including the garment and made ups policy and its recent establishment of 75 apparel training and design centers to improve technical skills and offer training.

**Technical Textiles:**

India's technical textiles industry is growing at a fast pace, with an expected compound annual growth rate of 9.6 per cent between 2014 and 2023. Most technical textiles come from Asia-Pacific, which accounts for almost half of the global technical textiles market. China is the largest producer of both woven and nonwoven technical textiles in the region and is currently responsible for 30 per cent of global production. A large workforce, strong domestic market and the advances it has experienced in textile technology make the country a very



strong competitor in the global industry. China's leading position is followed by the Americas with 19 per cent of global production, India with 18 per cent, the EU with 16 per cent and the rest of the world with 17 per cent.

#### **GST:**

There are many embedded taxes which are not covered under GST such as agriculture cess, power and fuel surcharges, etc. which come to around 5% of total cost of the product. These taxes are not refunded to the exporters at any stage hence, getting exported and substantially eroding the cost competitiveness of cotton yarn in the international markets. Until and unless, government reimburses these taxes through ROSCTL, it will not be possible for the cotton yarn exporters to enhance their export performance.

#### **TUFS:**

TUFS launched by government in 1999 is perhaps the best example of policy measures to improve the competitiveness of the industry.

Government has not been able to clear long pending TUF subsidies. It has resulted in erosion of working capital and created cash crunch situation in the industry. ATUFS guidelines are not clear and cumbersome, due to which many MSMEs are not able to avail the subsidy. There is a backlog of around Rs.9,000 crores under various TUF Schemes, which is eroding the working capital and performance of the spinning sector. This has led to many units becoming unviable and sick.

#### **New Textile Policy:**

Artisans, weavers, handloom workers are custodians of designs and skills which they have been inheriting and bequeathing for ages. This is also a sector which is undergoing a huge churn due to automation, digital printing and the relentless rise of e-commerce. All these three developments threaten to completely change the face of this industry.



**We need a national textile policy document, an articulation much like the national telecom policy of 1999, which was a game changer, and led to the upsurge of India's telecom revolution, an equally imaginative, bold and futuristic blueprint is urgently needed. The last official national textile policy is from 17 years ago. The one prior to that was in 1985. Talk of a new policy has been in the works for several years. We do have a vision document for 2024-25.**

**PMKVY: Pradhan Mantri Kushal Vikas Yojna**

**We are pleased to inform that Punjab skill development mission of Government of Punjab has empanelled us as Training Partner. We have also registered online with National skill development council and first work order is received.**

**Acknowledgments:**

**We express our sincere gratitude and thanks to all members for providing an opportunity of heading this prestigious association and for extending all the help, cooperation and support.**

**NITMA has taken several initiatives to improve the competitiveness of the industry. We would like to take this opportunity to express our sincere gratitude to heads of various associations, other trade & industry bodies and special invitees for supporting us.**

**We extend our sincere thanks to Honourable Minister of Textiles Smt. Smriti Zubin Irani and his team in the Ministry of Textiles for taking several steps and for giving us direction and guidance. It gives us new hopes and confidence that under her leadership and guidance, the industry will move forward. We are also grateful to the past and present Secretary, Joint Secretaries and other officers in the Ministry of Textiles and senior officers in the Ministries of Finance & Commerce & Industry for their help and cooperation.**

**I would also like to convey my sincere thanks to Past Presidents and the present Senior Vice President Mr. Manish Bagrodia and Vice President Mr. Mukesh Tyagi**



**for sharing my responsibilities and extending their effective help and support in discharging my duties as President, NITMA.**

**I am equally grateful to all my friends in the Executive Committee, Associate Members and others for their active cooperation and support. I would like to acknowledge the special efforts of all my friends in the Managing Committee of NITMA who have taken lot of personal interest to take up the issues and concerns of the members and I hope their close association with the activities of NITMA will go a long way in finding solutions to the problems.**

**We are thankful to office bearers and committee members in CITI, SIMA, TMMA, PHD, FICCI, CII, ICAL, Texprocil, SRTEPC, TSC, DMA and their Chairman, Vice Chairman & SG's and other associations for their help and support. Our special thanks to statutory auditor M/s. THAKUR, VAIDYANATH AIYAR & CO, Chartered Accountants, for their guidance and support. We would also like to thank the media, our bankers and service providers for supporting us. We would like to place on record the work and support extended by NITMA secretariat and the Secretary General for the successful execution of several activities and handling of various issues.**

**Finally, we once again thank all the members for their valuable contribution and cooperation and request them for their continued support and guidance for the benefit of the industry.**

**Thank you.**