

Indian Textiles

India - Knitting the future

India is among the world's largest producers of Textiles and Apparel



The domestic textiles and apparel industry contributes 5% to India's GDP, 7% of industry output in value terms and 12% of the country's export earnings.

India is the 6th largest producer of technical textiles with 6% global share (12% CAGR), the largest producer of cotton and jute in the world. India is also the second largest producer of silk in the world and 95% of the world's hand-woven fabric comes from India.

Growth Estimated

The Indian technical textiles market was estimated at \$20 bn in 2019-20 and grew at a CAGR of 10% since 2015-16.

- The domestic technical textile market for synthetic polymer was valued at \$7.1 bn in 2020 and is
- projected to reach \$11.6 bn by 2027, growing at a CAGR of 7.2%, while technical textile market for wovens is expected to grow at a CAGR of 7.4% to \$15.7 bn by 2027, up from \$9.5 bn in
- 2020.

| Year | 2019-20 | 2020-21 | 2027 |
|-------|---------|----------|-----------|
| Value | \$20 bn | \$7.1 bn | \$11.6 bn |
| CAGR | 10% | | 7.2 % |

Technical Textile Market projected to grow

| Year | 2020 | 2027 |
|-------|-----------|---------|
| Value | \$11.6 bn | 15.7 bn |
| CAGR | 7.2 % | 7.4 % |

Industry Scenario



1. Potential of Indian Textile & Garment Industry

Textiles and garments industry expected

| Year | 2020-21 | 2025-26 |
|-----------------------------|------------|----------|
| Textiles & Garment Industry | \$103.4 bn | \$190 bn |

The textiles and apparel industry in India has strengths across the entire value chain from fiber, yarn, fabric to apparel. It is highly diversified with a wide range of segments ranging from products of traditional handloom, handicrafts, wool and silk products to the organized textile industry. The organized textile industry is characterized by the use of capital-intensive technology for mass production of textile products and includes spinning, weaving, processing, and apparel manufacturing.

The domestic textiles and apparel industry stood at \$108.5 bn in 2019-20 of which \$75 bn was domestically consumed while the remaining portion worth \$28.4 bn was exported to the world market.

Cotton production supports 5.8 million farmers and 40-50 million people in allied sectors.

Further, the domestic consumption of \$75 bn was divided into apparel at \$55 bn, technical textiles at \$15 bn and home furnishings at \$5 bn. While exports comprised of apparel exports at \$12 bn; home textiles exports at \$4.8 bn; fabric exports at \$4 bn; yarn exports at \$3.8 bn; fiber exports at \$1.8 bn and others at \$2 bn.

2. Few Advantages

The textiles and apparel industry in India is the second-largest employer in the country providing direct employment to 45 million people and 60 million people in allied industries

The share of India's textiles and apparel exports in mercantile exports is 11% for the year 2019-20.

India has also become the second-largest manufacturer of PPE in the world. More than 600 companies in India are certified to produce PPEs today, whose global market worth is expected to be over \$92.5 bn by 2025, up from \$52.7 bn in 2019.

- FDI in the textiles and apparel industry has reached up to \$3.75 bn till March 2021
 - India's exports of textiles and apparel are expected to grow to \$65 bn by 2025-26, growing at a CAGR of 11%
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- To double the industry size to \$190 bn by 2025-26, 7 mega textile parks have been planned

3. Category-wise Growth Expected

Currently menswear is the biggest segment of the apparel market. However, kidswear and women's wear are growing faster than the men's segment with kidswear (girls) having the highest growth rate.



Innerwear

Currently the inner wear segment in India is estimated at about \$4 billion and is expected to grow at a CAGR of approximately 12 per cent over the next decade. Men's innerwear forms around 41 per cent of the total market in value and is projected to grow at a CAGR of nine

per cent whereas the women's innerwear segment is expected to grow at a faster pace with a CAGR of 14 per cent with the share increasing from the current 59 to 70 per cent by 2020.

The innerwear market in India is underpenetrated with per capita spending 90 per cent below that of Thailand and China. The market has been growing faster than the overall clothing market, driven by the premium segments. With discretionary consumer spend in India continuing to grow, these trends should persist, aided by rising urbanization and growth in consumer incomes.

| In-Name | Current | Expected CAGR | Remarks |
|---------------|-----------|---------------|---|
| Swimwear | \$ 4 bn | 12 % | Innerwear has graduated from being just a functional category to one that offers additional fashion quotient, and also from being a price sensitive category to a brand sensitive category. |
| Online Retail | \$ 3.2 bn | 14 % | |
| | | | |

Indian consumer spend on innerwear products is significantly lower than its Asian peers. This trend is visible across both men's and women's segments with a gap of over 90 per cent against countries like Thailand and China. This suggests that there is significant room for growth driven by rising per capita spending on such products.

Remarks

Innerwear has graduated from being just a functional category to one that offers additional fashion quotient, and also from being a price sensitive category to a brand sensitive category.

Swimwear and swim-related equipment

The swimwear and swim-related equipment market in India is estimated at over Rs. 200 crores. Swimming is still at a nascent stage in India and is expected to evolve rapidly due to factors such as growing fitness consciousness among the youth. In addition, swimming is being increasingly preferred as a hobby, recreation and fitness sport due to the growing availability of swimming pools.

There are an increasing number of consumers holidaying at beach destinations locally and abroad, and this is giving a boost to beach culture. Hence the market potential looks promising.

Online apparel retail

Online retail is another growing phenomenon in the Indian retail market. Changing lifestyles, increasing time constraint and the convenience to buy things online has paved the way for Indian consumers to have a consumer-friendly and hassle-free online shopping experience. The current market for non-store retailing in India is estimated at \$3.2 billion and is growing at a rate of over 23 per cent.

The growth in the apparel segment will be primarily driven by the growth in modern retail.

Remarks

Currently comprising 18 per cent of the total market, the modern retail share is poised to grow sharply over the years to contribute a 25 per cent share. The increased presence of retail formats across hypermarket, specialty retail formats, cash and carry as well as e-commerce should drive the growth of modern retail.

The other factors contributing for the increase in usage of apparels are growing urbanization, larger marketing spend by companies creating general awareness for the category, increased brand awareness among consumers and the growing shift from the unorganized to the organized sector.

(Courtsey : INVEST INDIA, The Textile Magazine)