

INVEST
KARNATAKA



Vendor Development &
Investors Summit 2017

Nov 23-24, BIEC, Bengaluru



Textiles and Apparel



Confederation of Indian Industry

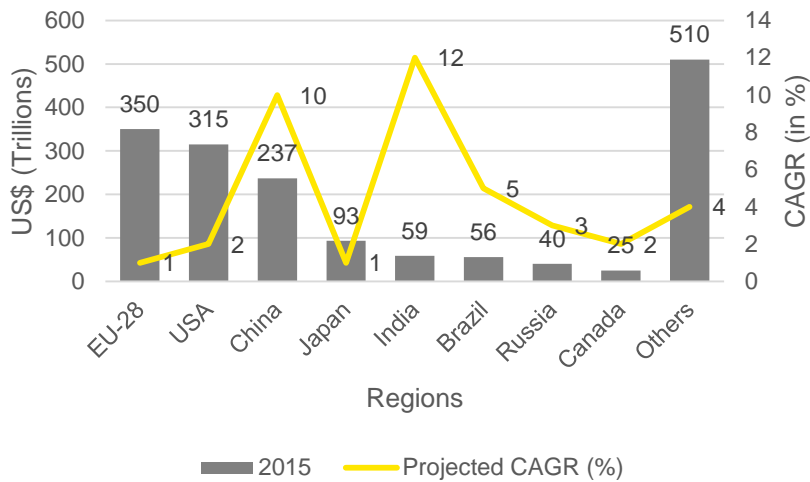


Textiles and Apparel Industry- Global Scenario



Global Overview

Global Apparel Market Size (US\$ Bn)

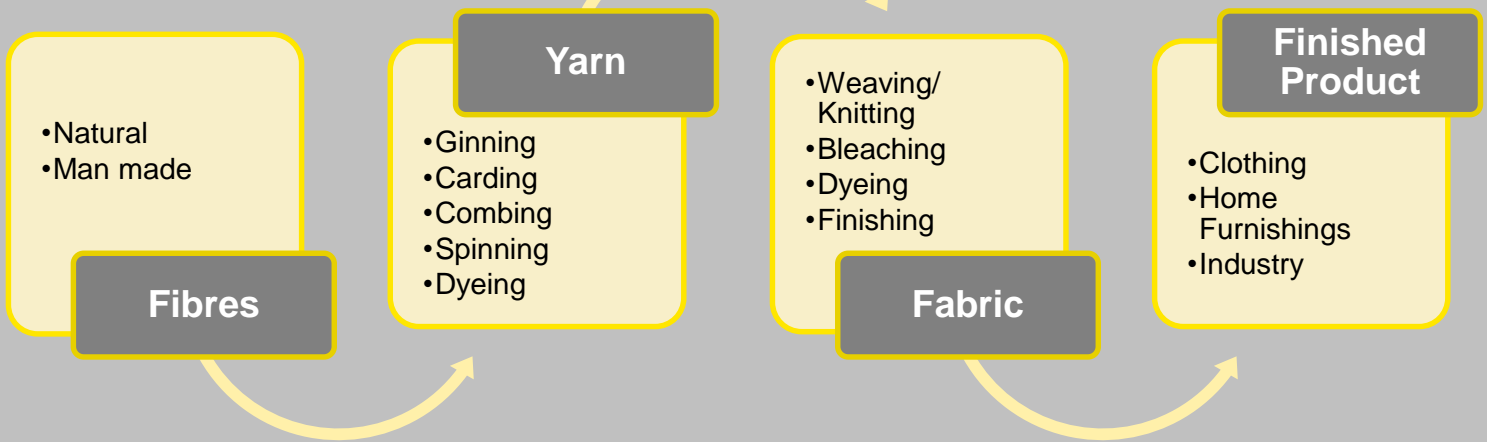


- ▶ Global apparel market worth **US\$ 1.7 trillion**, as on 2015.
- ▶ Constitutes **2% of the World's GDP**
- ▶ **EU, USA & China** are among largest apparel market with combined share of 54% (2015).
- ▶ Top 8 apparel consuming nations form dominating share of **70% of the global apparel market size**
- ▶ Global apparel market **expected to reach US\$ 2.6 trillion in 2025** growing by a projected rate of 4% with 2015 as base year.
- ▶ After China, **India is a emerging apparel market adding around US\$ 121 Billion by 2025.**

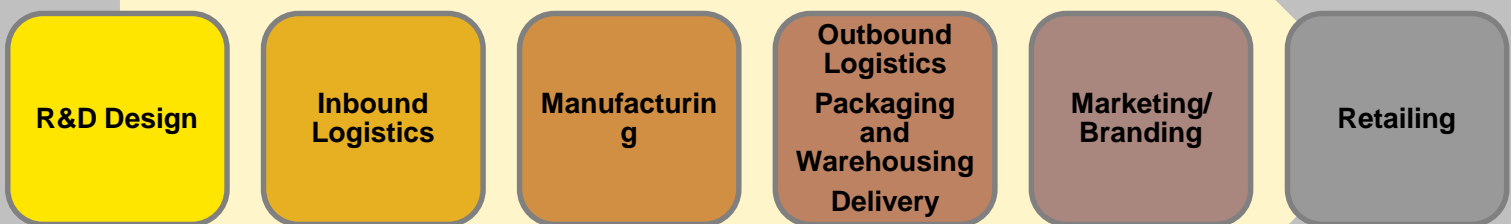
Foreign Direct Investments (FDI) in the sector

- ▶ Global FDI stood at US\$ 1.2 Trillion in 2014

The Textile and Clothing Manufacturing Chain

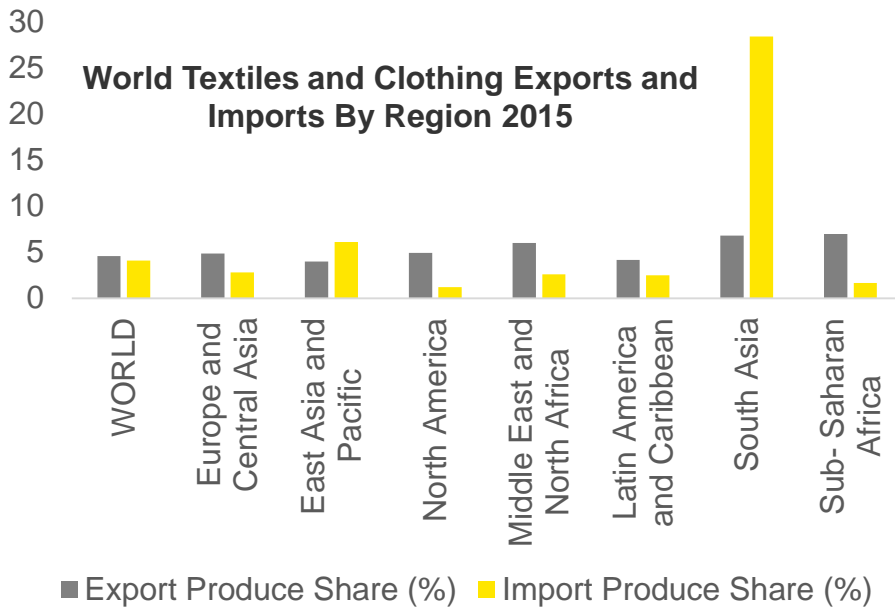


The Clothing Value Chain



Source: InfoDev.org (2008), The Global Textile and Garments Industry: The Role of Information and Communication Technologies (ICTs) in Exploiting the Value Chain

Market Scenario



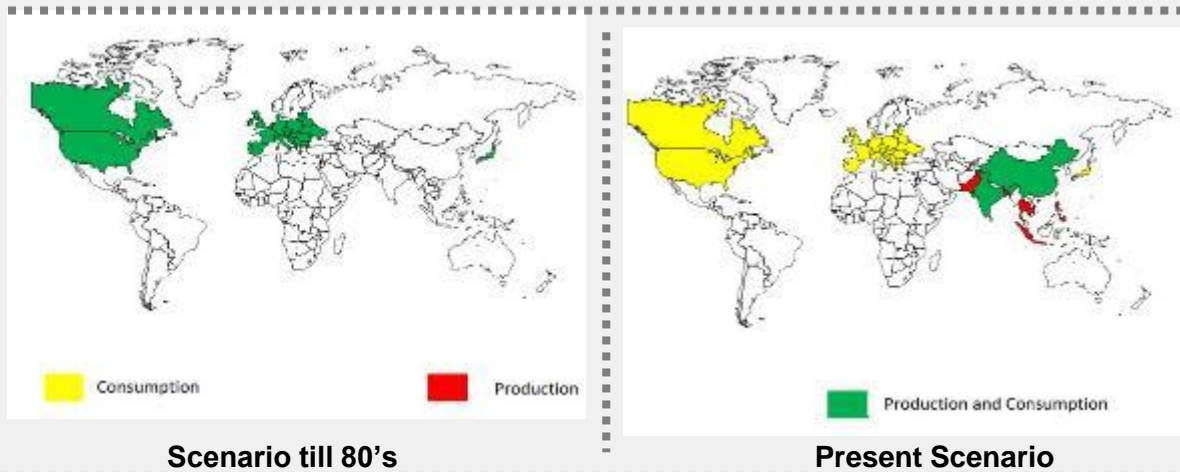
Advantage India!

- ▶ **Abundant and low price supply of raw-materials:** More cost-competitive than China and Brazil across a range of materials; diverse supply of raw materials
- ▶ **Availability of low cost skilled labour:** Labour costs significantly low as compared to other countries

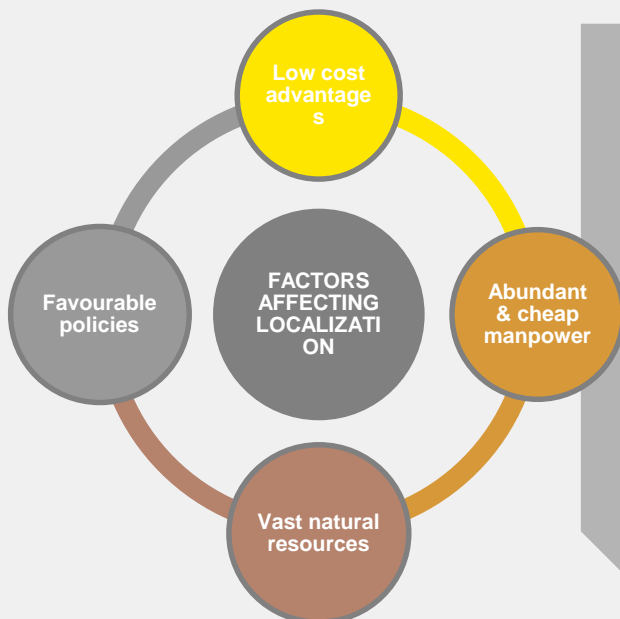
Source: IBEF, Textiles and Apparel: Market & Opportunities

Source: World Bank (2015), World Integrated Trade Solutions

Emergence and Localisation of Textile Industries



Source: Global Shifts in Textile Industry & India's Position, 2016

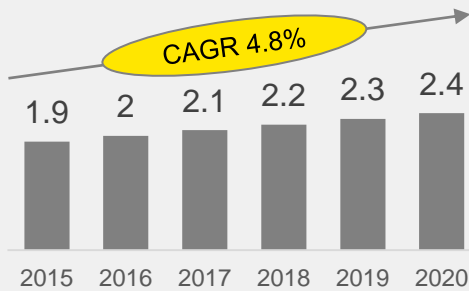


- ▶ Till 1980s, production base was centered in USA and European Union (EU).
- ▶ High cost of production and unprofitability leads to search for alternative locations.
- ▶ Production of commodities shifted majorly to developing Asian countries
- ▶ China emerged as major hub due to liberalization of its industrial Policy in 1980s.
- ▶ Asian economies such as India, Bangladesh, Indonesia, Pakistan, Vietnam, Cambodia and Thailand experience upsurge in the sector
- ▶ Over the time, USA and EU have become largest consumption base while Asian countries such as India, Bangladesh, Vietnam etc.as manufacturing base.

Other Potential Areas

Hosiery Knitwear Processing

Global Hosiery market 2015-2020 (INR trillion)



- ▶ Well defined into three product segments: socks, tights, and nylons. Socks accounts for 70% of the market, followed by tights (20%)
- ▶ Major growth drivers include increasing concern about personal appearance, rise in demand for hosiery from older and plus size consumers, increasing demand for more comfortable and stylish hosiery and rise in e-commerce sales
- ▶ Product innovation through technological advancement helps manufacturers to lend product differentiation, such as improvements in cutting accuracy with the use of the ultrasonic cutting system

Meditech

- ▶ The global meditech industry is expected to reach USD 20.23 billion by 2022 from US\$14.94 billion in 2014
- ▶ Growth factors include rise in elderly population, ongoing technological advancements and increase in health consciousness.
- ▶ Non-implantable products accounts for about 30% of the global medical textile industry on account of increasing incidence of injuries, rising prevalence of diabetes and obesity.
- ▶ The global sutures market was valued at US\$2.80 billion in 2014 and is expected to reach US\$3.59 billion by 2020, growing at a CAGR of 4.2% between 2014 and 2020.
- ▶ On the other hand, global hygiene product market will grow to US\$78.9 billion, over 551 billion units, by 2018.

Sources:
Euromonitor
Technavio
EY research

"Baseline survey of the Technical Textile industry in India", Office of the Textile Commissioner, 29 March 2016

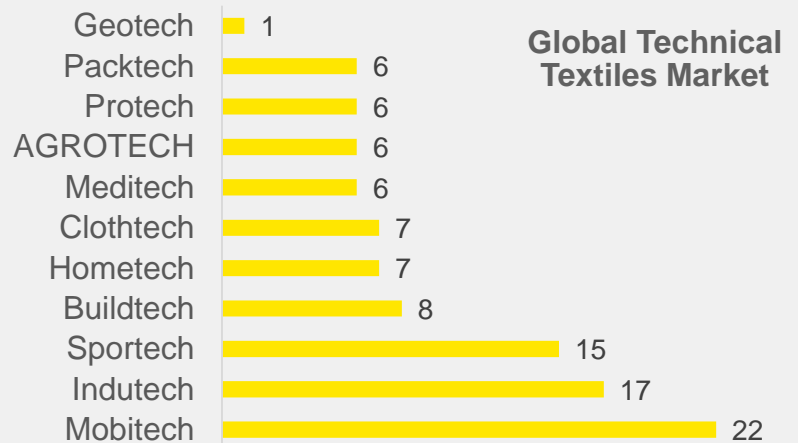
<http://www.technicaltextile.net/promotion/nonwoven-report/>

Global Technical Textiles Market 2015-2019, Technavio via EMIS Database

Non- woven textiles

- ▶ Global nonwoven market is expected grow at a CAGR of 7% during 2013-2020. Increasing consumption in emerging economies of China, India and Brazil is expected to have a positive influence on the market growth.
- ▶ Asia Pacific was the leading regional market and accounted for 42.4% of total market demand in 2013.
- ▶ Spun-laid is the leading technology used in the global nonwoven fabrics market and accounted for 48.5% of total market volume in 2013.
- ▶ India is forecasted to be the 11th largest market for U.S. non-wovens by the year 2015.

Agrotech



- ▶ The global technical textile industry is estimated at US\$142 billion as of 2015 and is forecasted to reach US\$165 billion by 2019.
- ▶ Global demand is driven by developing countries such as China, India, and Brazil.
- ▶ Agro textiles with US\$8.4 billion market, accounts for 6% of the total technical textiles market globally.



Textile and Apparel Industry in India



India Overview

- ▶ Global textile and apparel trade is nearly 5%.
- ▶ Second largest textile manufacturing capacity.
- ▶ Accounts for 18% of world's spindles and 9% of world's rotor.
- ▶ Largest cotton and jute producer in the world.
- ▶ Sector contributes 10% of manufacturing production, 2% of GDP and 13% of India's export earnings
- ▶ Nearly 9 million tonnes of fibre production in 2015-16.
- ▶ Export of Textile and Apparel, for year 2016-17, reported as 19,594 USD Million

Subsectors

Fibre

- Largest cotton producer worldwide with 5,984 mn. kg production in 2015-16.
- 2nd largest producer of Manmade Fibre and Filament in the world with 2,511 million kg production in 2015-16
- Worldwide leading producer of Silk and Wool

Spinning

- Second largest installed spindle capacity in the world with more than 50 million spindles in 2014-15.
- Second largest installed rotor capacity in the world with more than 8 million rotors in 2014-15.

Weaving

- Contributed highest i.e. 42% to the textile and apparel export basket of India during 2015-16.

Apparel

- World's highest installed weaving capacity with more than 4.9 million looms (including 2.4 million handlooms) in 2014-15.

Evolution of Indian Textile Sector

Pre 1990s

1st cotton mill in Mumbai (1857) and Ahmedabad (1861) was established

1991-2000

TUFF (1999) was setup
NTP (2000) was announced

2000-15

SITP was implemented
Free trade agreement with ASEAN countries

2016 onwards

Make in India launched
Technology Mission for Technical Textile continued

Funding and Investments

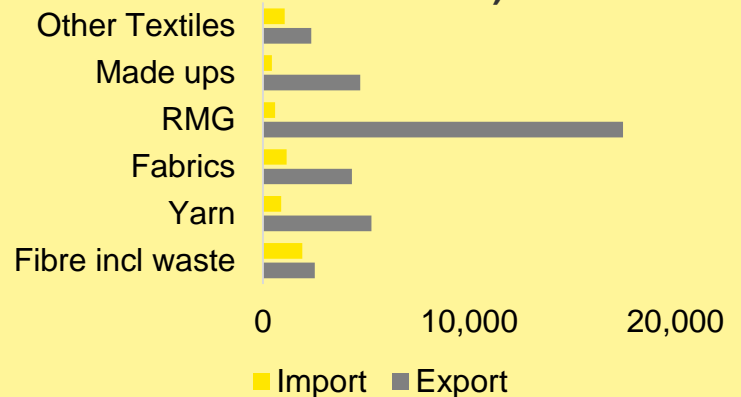
1 Textile market size was USD 137 billion in 2016 and is expected to touch US\$ 226 billion market by 2023, growing at a CAGR of 8.7 per cent (between 2009-23)

2 Domestic textile and apparel industry is projected to reach from USD 137 billion in 2016 to US\$ 223 billion by 2021, with CAGR of 12.84%.

3 Textile and apparel exports from India is expected to increase from USD 36.63 billion in FY17 to US\$ 82 billion by 2021 with CAGR of 12.06%.

4 Total cloth production in India stood at 53.5 billion square metres in FY17 (upto January 2017).

Import and Export of Textile Items (in million USD)



Source : Monthly Statistics of the Foreign Trade of India. DGCIS, Kolkata.

Top 10 Export Markets of India

USA, United Arab Emirates, China, United Kingdom, Bangladesh, Germany, France, Spain, Italy and Turkey

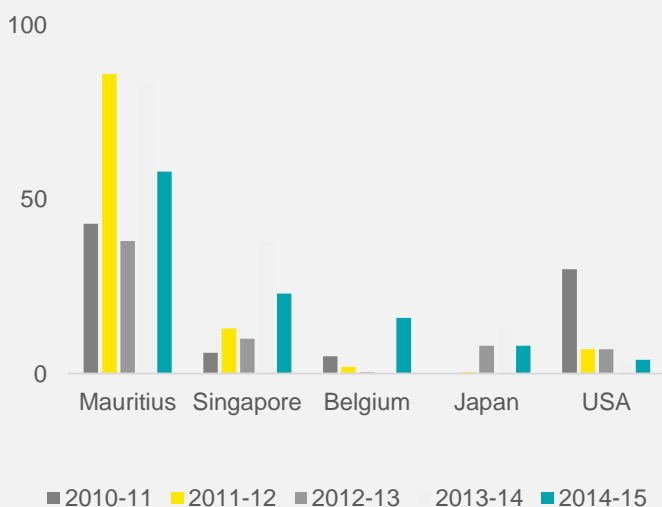
Top 10 Import Markets of India

China, Bangladesh, USA, Australia, Taiwan, Republic of Korea, Thailand, China, Hong Kong, Japan and Germany

Foreign Direct Investments

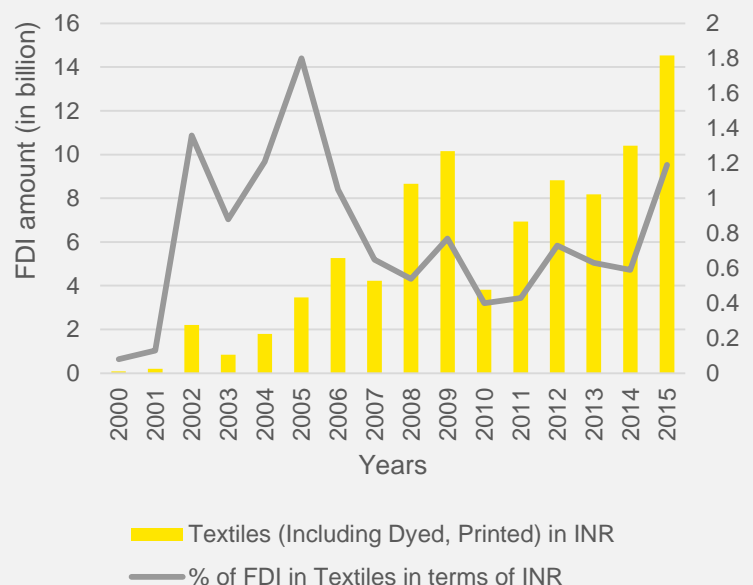
- ▶ As on 2015, cumulative amount of inflow of FDI equity in the sector 1.75 USD (in Billion)
- ▶ Percentage inflow of FDI to cumulative amount of FDI Equity inflows is 0.7 %.

Top 5 Countries by FDI inflow in Indian Textile Sector (USD Mn.)



Source: FDI Scenario in Indian Textile Sector, 2016
FDI data inflow glance, Ministry of Textiles
Textiles and Apparels, IBEF, July 2017

FDI inflows in Textiles



Source: FDI Scenario in Indian Textile Sector, 2016

Financial Impetus for the Sector

Key Provisions Of Budget 2016-17

▶ Basic Custom Duty

- ▶ reduced from 5% to 2.5% on certain speciality fibres and yarns
- ▶ Exempted on import of certain fabrics of value equivalent to 1% of Free on

▶ Excise Duty

- ▶ 2% without CENVAT credit and 12.5% with Central Value Added Tax (CENVAT) credit imposed on branded readymade garments
- ▶ increased from 6% to 12.5% with CENVAT credit on re-cycled Polyester Staple Fibre and Polyester Filament Yarn

- ▶ **Tariff value** of readymade garments and made up articles of textiles changed from 30% of retail sale price to 60% of retail sale price

Tax Incentives

- ▶ Lower tax limit increased for MSMEs with turnover of USD 0.30 million
- ▶ Corporate income tax rate for companies with turnover not exceeding USD 0.76 million has been lowered from present rate of 30% to 29%, plus surcharge and cess
- ▶ Service tax exempted on services provided under DDU GKY* and services provided by Assessing Bodies empaneled by MoSDE
- ▶ Higher drawback rate has been provisioned

State Incentives

- ▶ Each state in India offers additional incentives for industrial projects. Some of the states also have separate policies for the textiles sector
- ▶ In Karnataka, Nuthana Javali Neethi 2013 - 2018
- ▶ Incentives in areas like subsidized land cost, relaxation in stamp duty exemption on sale/lease of land, power tariff incentives, concessional rates of interest on loans, investment subsidies/tax incentives, backward areas subsidies and special incentive packages for mega projects.

Export Incentives

- ▶ Export Promotion Capital Goods Scheme (EPCG).
- ▶ Duty Exemption & Remission Scheme.
- ▶ Merchandise Exports from India Scheme (MEIS)

Area based Incentives

- ▶ Incentives for units in Special Economic Zones(SEZs) / National Investment & Manufacturing Zones(NIMZs) as specified in respective acts or the setting up of projects in special areas such as the North-East, Jammu & Kashmir, Himanchal Pradesh & Uttarakhand

*Deen Dayal Upadhyay Grameen Kaushalya Yojana, Ministry of Skill Development & Entrepreneurship

Policies and Projects

Recent INITIATIVES to Strengthen and Encourage the sector

Technology Upgradation Fund Scheme (TUFS)

- ▶ Modernisation and upgradation by providing credit at reduced rates and capital subsidies

Scheme for Integrated Textile Parks (SITP)

- ▶ To provide funding for infrastructure, buildings for common facilities like design & training centre, warehouse, factories and plant & machinery,

Integrated Processing Development Scheme (IPDS)

- ▶ To make Indian textiles more competitive and environment-friendly

Integrated Skill Development Scheme (ISDS)

- ▶ To bridge that skill gap by training 1.5 million people for which USD 300 million has been allocated

Amended Technology Upgradation Fund Scheme for textiles industry (ATUFS)

- ▶ To provide incentives to entrepreneurs and business owners for upgrading technologies

Market Access Initiatives (MAI)

- ▶ To promote the Indian exports in a sustained manner through various market studies and surveys to assist exporters

Market Development Assistance (MDA)

- ▶ To encourage exporters to conduct promotional activities for their products

Technology Mission for Technical Textiles (TMTT)

- ▶ Consists of two mini missions to create a healthy ecosystem for the production of technical textiles

Special package for Textile and Apparel sector

- ▶ To boost exports, labour- friendly policies, scaling up the production and to generate over 10 million jobs in the textile industry over the period of next three years

Implications of Goods and Services Tax (GST) for Indian Textiles Sector

- ▶ Will result in 'Fibre-neutrality effect' wherein all man-made and natural fibres will be treated equally from the tax point of view.

Source : Make in India

MoT Policies

- ▶ Textile Export Quota Policy 2000-2004
- ▶ National Jute Policy 2005
- ▶ National Textile Policy 2000

Source : Ministry of Textiles

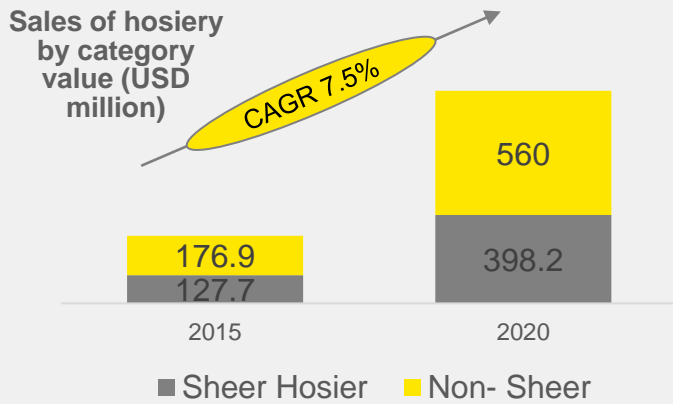
MoT Schemes

- ▶ Powerloom Sector Schemes
- ▶ North East Textile Promotion Schemes
- ▶ Handicrafts Schemes
- ▶ Handlooms Schemes
- ▶ Catalytic Development Schemes
- ▶ Pashmina Wool Development Scheme
- ▶ Jute Technology Mission
- ▶ Textile Workers Rehabilitation Fund Scheme (TWRFS)

Source : Ministry of Textiles

Other Potential Areas

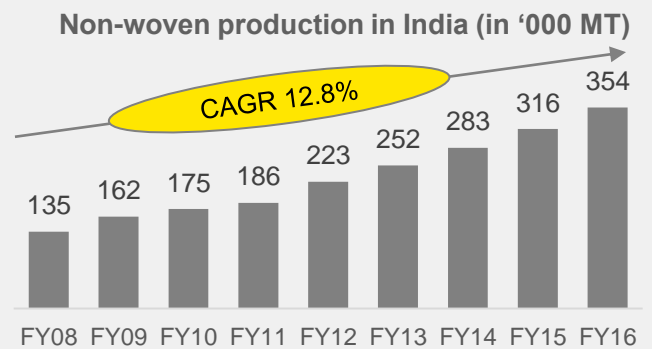
Hosiery Knitwear Processing



- ▶ Indian hosiery market* stood at INR 67 billion in 2015 and is expected to grow at 7% CAGR to reach USD 1.48 billion by 2020
- ▶ Sheer hosiery comprises of socks, tights, stockings through which skin of the wearer can be seen.
- ▶ Penetration and usage of sheer hosiery is still at nascent stage in India, however the increasing influence of western culture is expected to fuel its future growth
- ▶ Non-sheer hosiery comprising opaque socks, tights and stockings, accounts for 75% of total hosiery sales in India. It is expected to grow a 8% CAGR during 2015-2020
- ▶ Apparel and footwear specialist retail operators such as Bata India, Adidas India and Liberty Shoes will continue store expansions to help increase the penetration of the organised hosiery market in India
- ▶ Counterfeits and hosiery products sold at roadside stalls and markets will continue to pose a threat to branded hosiery products



Non-woven textile goods



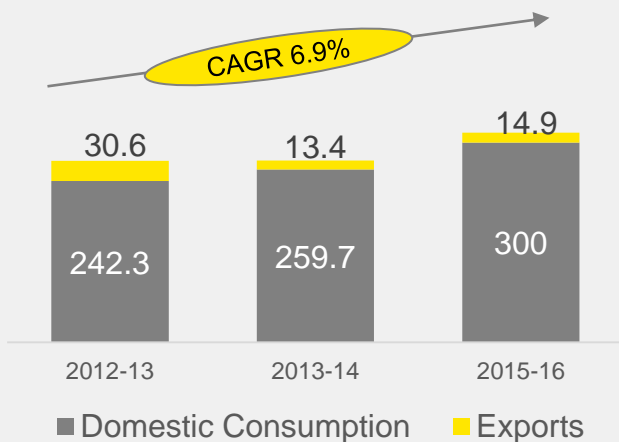
- ▶ Presently, the per capita consumption of non woven fabric is touching the 155 gm mark, however, some experts estimate that this number will reach 600 gm mark by 2020.
- ▶ Domestic production of non-woven in India is estimated to be around 3.54 lakh MT for FY16 and worth approximately, USD 692 million. During 2011-2016, the non-woven production grew at a CAGR of 13%.
- ▶ There are nearly 50 nonwoven plants already existing in India with both European and Asian technology. These plants produce spun bound non woven fabric, melt blown non woven fabric and spun bound melt blown combination (SMS) composite nonwoven fabric.
- ▶ Gujarat is the hub for non-woven textile production in India, accounting for 45% of the total production. Maharashtra, Delhi and Haryana accounts for another 30% of the total production.

Other Potential Areas



Defencetech

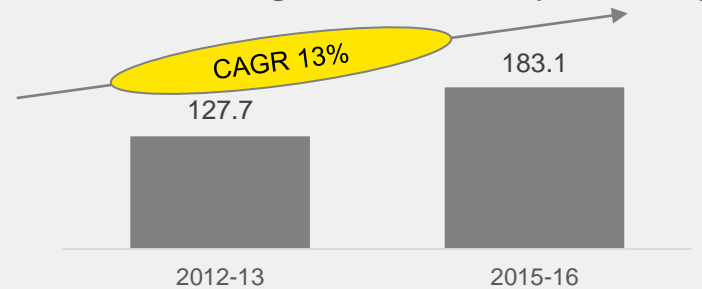
Market Size of Defence Tech (USD million)



- ▶ The entire market of Defencetech is mostly catered by domestic production with imports accounting for minimal share.
- ▶ There is high potential for growth of Defencetech due to growing terror threats across the world as well as policy initiatives undertaken by the national governments aiming to provide better safety measures to soldiers and army personnel.
- ▶ The procurement of majority of the products, including bullet-proof jackets, high-altitude clothing, sleeping bags, tents and tarpaulins, by the India's Ministry of Defence, is approximately 2/3rd of the total procurement.

Agrotextiles

Total market size of agro textiles in India (USD million)



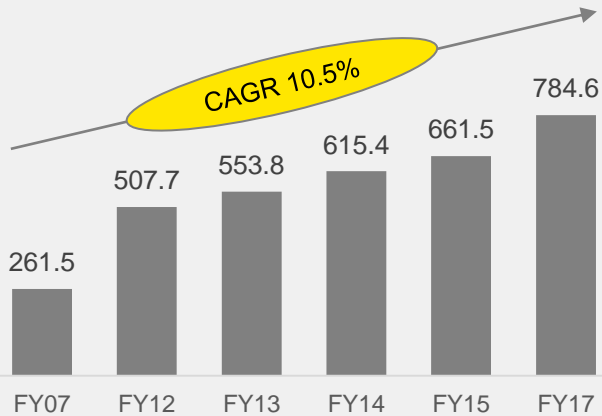
- ▶ Agro textiles market in India is estimated to reach INR11.9 billion in 2015-16
- ▶ The total market size of Agro textiles in India is estimated at USD 127.7 million in 2013, of which close to 97% is catered by domestic supply.
- ▶ The market is driven by domestic consumption with exports market contributing 23% to the total market.
- ▶ In agro textiles market, there are about ten different products, most of which are netting products.
- ▶ Fishing nets have the largest market share among the agro textile products in India, contributing to 79% of the market size.
- ▶ Shade nets is another product that has shown significant growth over the last few years.
- ▶ With the focussed efforts by the government to promote use of agro textiles through various schemes of National Horticultural Mission (NHM) and National Horticultural Board (NHB), the demand for shade nets are expected to grow in the coming years



Other Potential Areas

Meditech

India Meditech Industry (USD million)

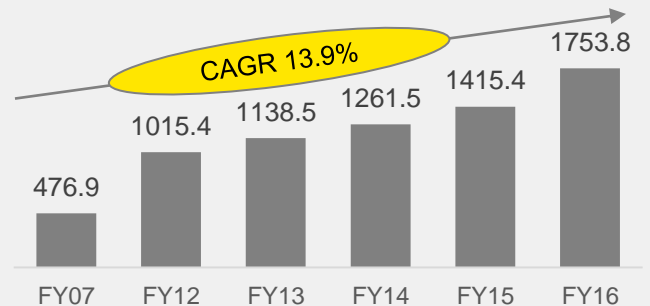


- ▶ For most of the developed countries such as China and the US, technical textiles contribute ~20% of the overall textile market, whereas in India technical textile accounts for ~12% of the overall textile market.
- ▶ The technical textile market is expected to rise to the similar levels driven by huge potential demand driven by rising healthcare sector and policy support by government.
- ▶ Furthermore, over FY13-16, the Meditech exports are expected to grow at a CAGR of 12% to reach INR8.7 billion in FY16.
- ▶ Out of the overall Meditech exports, surgical disposable exports are expected to grow at a CAGR of 10% over FY13-16 to reach USD 7.0 mn in FY16; surgical dressing will grow at 5% to reach USD 58.9 mn in FY16.



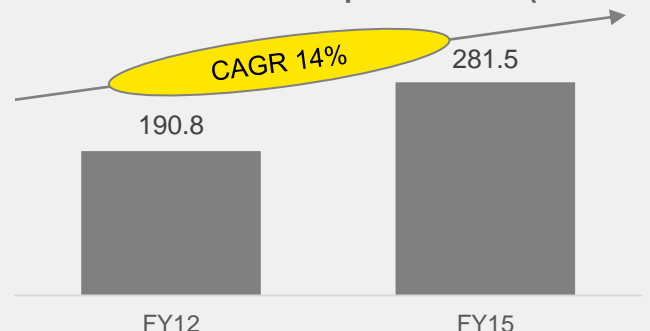
Mobiltech

Market size of mobiltech in India (USD million)



- ▶ For most of the developed countries such as China, and the US technical textiles contribute 20% of the overall textile market, whereas in India technical textile accounts for ~12% of the overall textile market.
- ▶ The technical textile market is expected to rise to the similar levels driven by huge potential demand driven by manufacturing facilities of automobiles and policy support by government.
- ▶ During 2012-2015, the mobiltech exports also grew at a CAGR of 14% and expected to grow by 20% till 2020.

Mobiltech exports in India (USD million)



Karnataka Overview



Advantage Karnataka



Garment Capital of India

20% of national garment production valued at USD 1.56 billion

Contribution

65% to silk, 12% to wool and 6% to cotton production of the country



Ranked 1st

In number of units registered in 2015-16, under MSMEs, Manufacturing of Wearing Apparel; dressing and Dyeing of Fur.

Ranked 2nd

By investment of MSME units registered in 2015-16; producer of textiles and garments



Human Resource Development

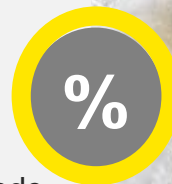
144 skill development centres and 168 private training centres which have trained more than 1,60,000 personnel

Contribution

15% of India's export earnings

14% of India's industrial production

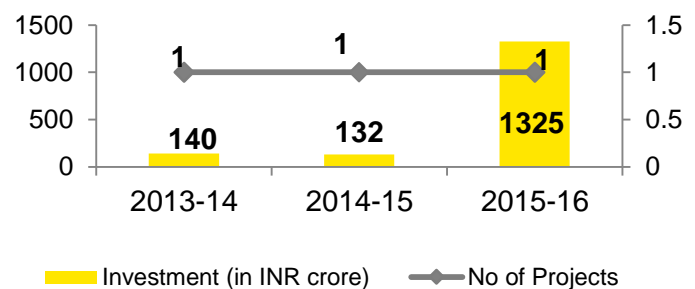
5% share in global textiles and apparel trade



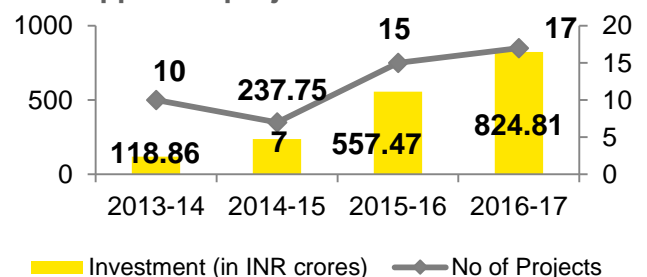
► Keen to emerge as a **leader of Technical textiles** (Builtech, Clothtech, Hometech, Meditech, etc.) with Mysore, Hassan and Bangalore being growth beds of Technical Textiles. The state has already attracted investments worth INR 1480 crore in the segment.

► Karnataka is the **first State in the Country to launch State Textile Policy** known as "Nuthana Javali Neethi 2013-18", which aims to attract Rs.10000 crore of investments by 2018 and creating employment to nearly 5 lakh persons, being implemented after completion of Suvarna Vastra Neethi 2008-13.

SLSWCC¹ approved Projects b/w 2013-14 to 2016-17



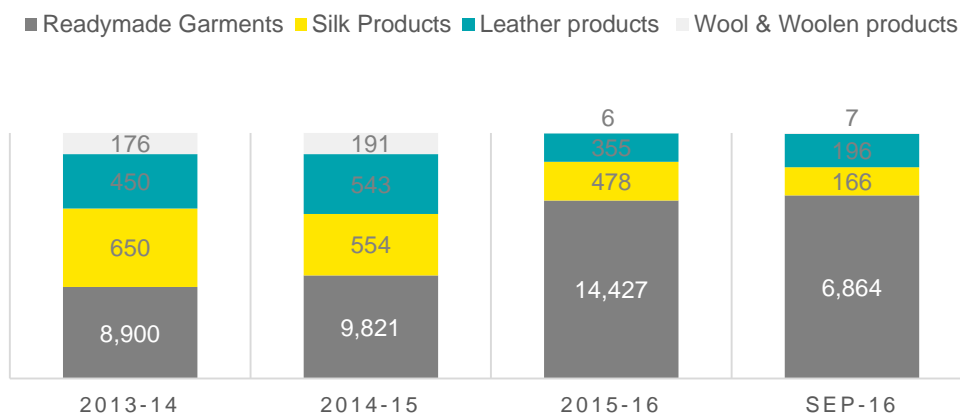
SHLCC² approved projects b/w 2013-14 to 2016-17



¹State Level Single Window Clearance Committee
²State High Level Clearance Committee

Trends and Market Overview

Export Performance of Karnataka (INR Crores)



► Karnataka's exports amounted to about **INR 3,25,414 Crore** which constituted about 14.5% of the Country's exports in 2015-16

► The **state's share of merchandise exports** in the National exports constitutes around 7.37% in 2015-16

► **Readymade garments share of state's exports** during the year 2016-17 is 4.43%



Role of MSMEs

► In 2016-17 (up to September 2016) 32.50 million meters of handloom textiles was produced in Karnataka providing employment to 0.90 lakh persons, while during 2015-16, 25.79 million meters of handloom textiles was produced in Karnataka providing employment to 0.71 lakh persons.

► Manufacturing of Wearing Apparel; dressing and Dyeing of Fur has registered an investment of 37.24 % (2016-17)

► Out of 25656 units that were registered in Karnataka during 2015-16, about 12.63% (i.e. 3242 units) of the units were related to manufacturing of Wearing Apparel; dressing and Dyeing of Fur followed by Manufacturing of Textiles is 9.04 % (2016-17)

► In terms of employment, Manufacturing of Wearing Apparel; dressing and Dyeing of Fur generating about 11.93% of the total employment closely followed by Manufacturing of Textiles with about 8.13 % (2016-17)

Details of MSMEs registered in Karnataka 2015-16

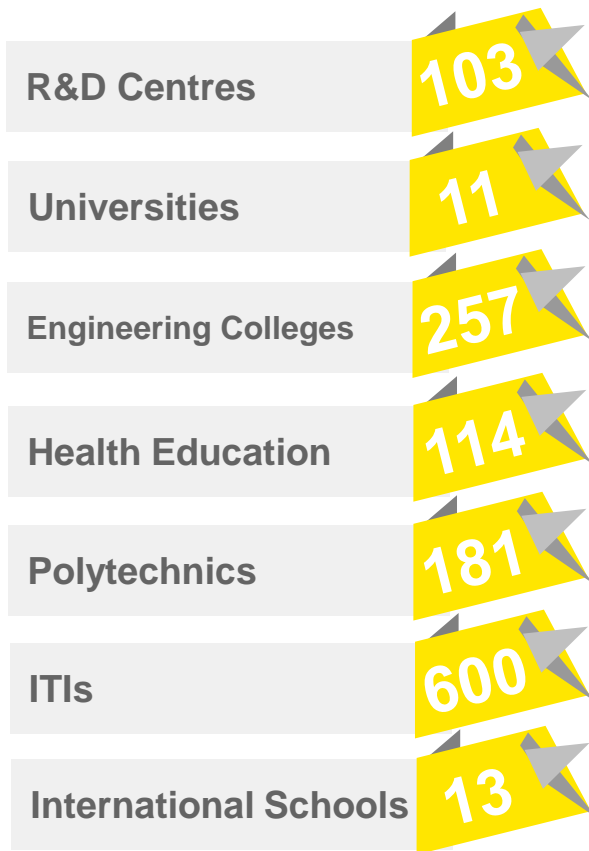
Particulars	No of Units	Investment in Lakh Rs	Employment
Manufacturing of Wearing Apparel; dressing and Dyeing of Fur	3,242	1,84,221	26,462
Manufacturing of Textiles	2,320	41,999	18,034

Source: <http://www.makeinindia.com/> (as accesses on 31 Aug 2017)

Economic Survey of Karnataka 2016-17

Talented and Skilled Workforce

Textile Institutes in Karnataka



- ▶ 144 Skill Development Centers and 168 private training centers funded by Department of Handloom and Textile, have trained 1,65,200 personnel till date
- ▶ Karnataka is an education hub, due widespread presence of institutes imparting technical as well as vocational training across the State

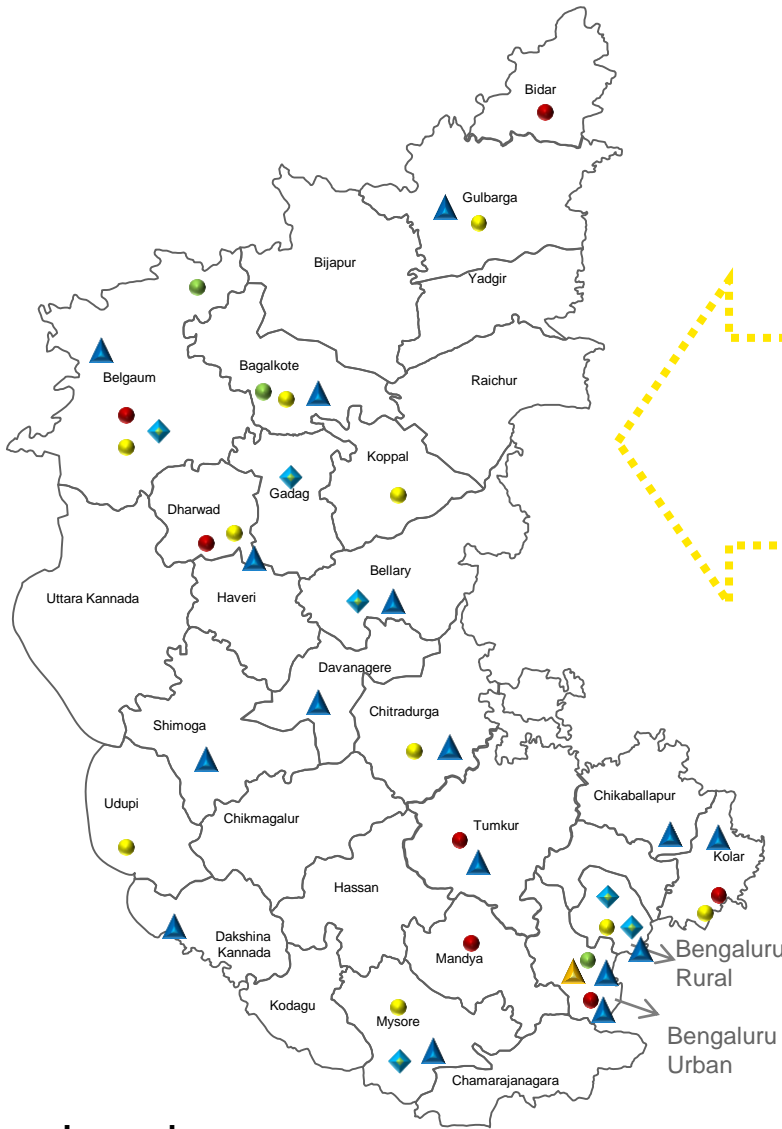


Handloom Weavers and Looms in the State

Particulars	Rural	Urban	Total
Weaver Population			
Male	61,632	6,447	68,079
Female	60,056	6,203	66,259
Total	1,21,688	12,650	1,34,338
Weaving workforce			
No. of adult weavers	35,894	4,038	39,932
No. of adult allied workers	33,762	3,125	36,917
Total	69,686	7,163	76,849
Looms			
Working	30,394	4,212	34,606
Idle	5,268	614	5,882
Total	35,662	4,826	40,486

Source: 2009-10 Handloom census conducted by Govt. of India; www.textiles.kar.nic.in

Infrastructure- Cluster and Parks



Presence of **integrated textiles and apparel clusters** servicing industry units across the value chain

9 handloom clusters in Bagalkote, Bangalore Rural, Bangalore Urban, Bijapur, Chitradurga, Chamrajnagar, Dharwad, and Gulbarga

233.3 hectare **Textiles SEZ** proposed to be developed by KIADB at district Hassan

Dedicated **Apparel zones** planned in Bengaluru Rural, Tumkur, Kolar, Mandya, Belgaum, Bidar and Dharwad along the Suvarna Karnataka Development Corridor

A US\$10.4 million '**Silk City**' is proposed to be developed near Bengaluru

Legend

Ready made Garments	•
Handloom Clusters	•
Industrial MSME Clusters	◆
Apparel Park	▲
Apparel Park (proposed)	●
Textile Parks (proposed)	▲

Dodaballapura Integrated Textile Park

- ▶ First textile park in Karnataka
- ▶ 48-acre integrated textile park with 85 units focusing on weaving, sizing, and warping
- ▶ With 700 power looms already established, the park is currently in Phase III of development
- ▶ Expected to generate direct employment of 2,000 and indirect employment of 5,000
- ▶ Park is expected to attract investments of US\$44millions



Infrastructure- Existing Projects

SEZ units of KIADB SEZ Hassan -Textiles

- ▶ Elites Creations
- ▶ Home Fabrics Hassan
- ▶ New Minerva Mill
- ▶ Novamexx India Pvt. Ltd.
- ▶ PNP Polytex pvt. ltd.
- ▶ Precot Meridian Limited
- ▶ Reid Braids (India)

Textile-based organizations and institutions in Karnataka

- ▶ Apparel Export Promotion Council, Bangalore
- ▶ Central Silk Board and Silk Exchange
- ▶ Textile Committee, Bangalore
- ▶ Weavers Service Center, Bangalore
- ▶ Karnataka Handloom Development Corporation, Hubli
- ▶ Karnataka State Powerloom Development Corporation Ltd, Bangalore
- ▶ Spinning Mill Federation, Bangalore
- ▶ Central Silk Technological Research Institute , Bangalore
- ▶ National Institute of Fashion Technology, Bangalore
- ▶ Government Institute of Textile Technology, Bangalore
- ▶ Karnataka Handloom Technology Institute at Gadag
- ▶ Advanced Handloom Weaving Training Centre, Jamakhandi

Key projects under KIADB

- ▶ Apparel Park 1st & 2nd Phase, Doddaballapura, Bengaluru Rural District
- ▶ Obedanahalli Industrial Area, Doddaballapura, Bengaluru Rural District
- ▶ Narasapura Industrial Area, Jakkasandra Industrial Area, Vemgal Industrial Area, Kolar District
- ▶ Malur Industrial Area 1st, 2nd, 3rd & 4th Phase, Kolar District
- ▶ Gowribidnur Industrial Area 1st & 2nd Phase, Chikkaballapura District
- ▶ Mastenahalli Industrial Area, Chikkaballapura District

Mega Projects

- ▶ Kalaburagi State Integrated Textile Park
- ▶ Mundargi KIADB Park, Ballari
- ▶ Binary Hiriyur GTP Park, Chitradurga
- ▶ Doddaballapur Integrated Textile park
- ▶ Hassan SEZ
- ▶ Karur KIADB park, Davangere
- ▶ Shahi Exports, Shivamoga
- ▶ Precot Meridian, Hassan
- ▶ ETCO Denim, Vijayapura

Source: www.kiadb.in

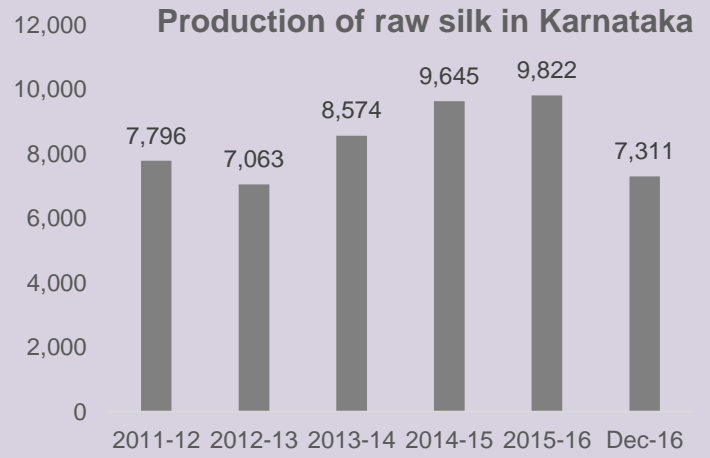
http://www.csez.com/rti/php/sezunit_details.php?zonecode=8&pg=u

Raw Material Availability

Silk

India is 2nd largest producer of silk and Karnataka produced approximately 47% of India's silk in the year 2015-16

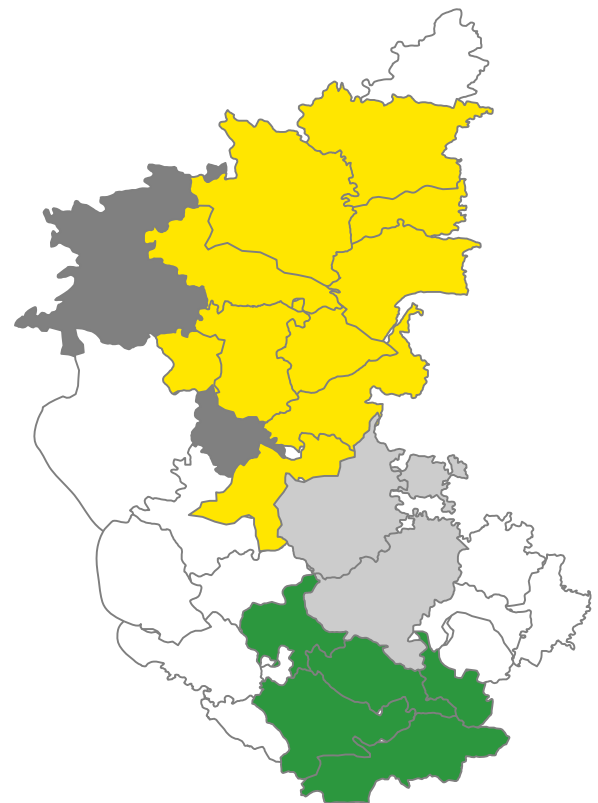
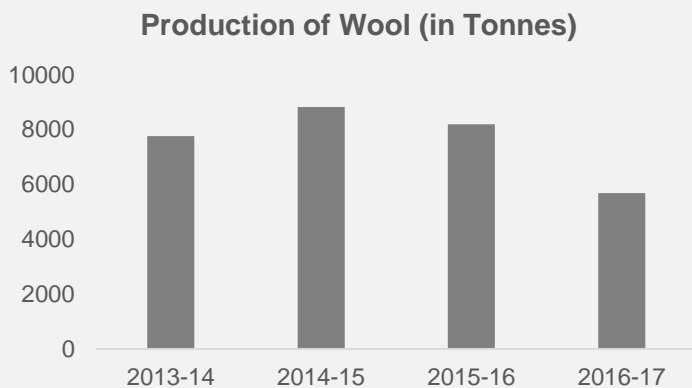
- ▶ Production of cocoons account for 52,280 MT in 2016-17.
- ▶ Area under mulberry cultivation in the State was about 92,687 Ha at the end of September 2016, which is higher than the area under mulberry cultivation in 2015-16.
- ▶ Sericulture Sector among major employment generating sectors in the State.
- ▶ It generated employment of nearly 1194 lakh people in 2016-17



Source: Economic Survey of Karnataka 206-17

Wool

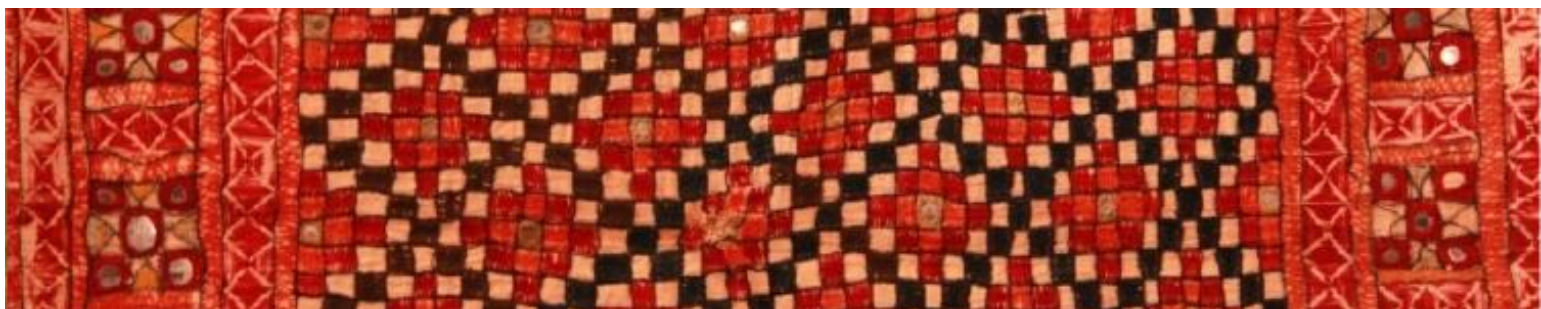
- ▶ Nearly 11% of India's total wool production
- ▶ Wool production during 2016-17 (till December 2016) was nearly 5,681 tonnes.



- ▶ Cotton-producing districts
- ▶ Wool-producing districts
- ▶ Silk-producing districts
- ▶ Cotton & Wool-producing districts

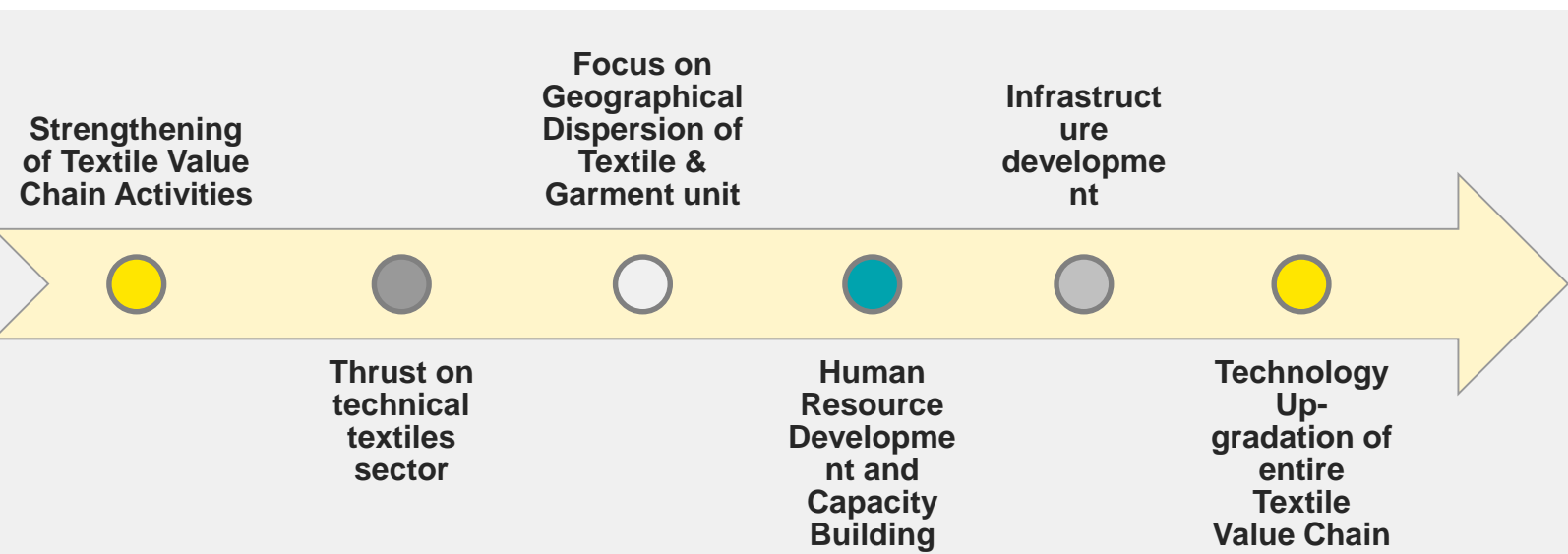
Cotton

- ▶ Cotton accounts nearly 6% of the total agricultural cropped area of the State.
- ▶ During 2016-17, total cotton production estimated was 10.55 lakh tonnes, cultivated in an area of around 4.84 lakh hectares.



Source: Economic Survey of Karnataka, 2016-17

Nuthana Javali Neethi 2013-18



Incentives offered under the policy

Credit Linked Capital Subsidy

- ▶ Investment up to INR 99 Crore (USD 16.5 million) - 20% or 15% varying as per the Zonal Classification and Regional Classification and Interest subsidy-50% of the approved layout.
- ▶ For Expansion/Modernisation of Existing Units-20% or 15% based on P&M Value and Zonal Classification.

Incentives for Infrastructure

- ▶ Incentive based on zonal classification for development of Green field Textile Parks, Brown field Textile Parks, Common Effluent Treatment Plan (CETP)

Market Development Subsidy

- ▶ Reimbursement for Market Development and Branding, Design Development and Product Diversification, Standards and Compliances specific textile zones in backward areas
- ▶ Funding support of 50% of the project cost or Rs.50 lakhs, whichever is less

Skill Development

- ▶ Upto Rs 1 crore funding support to be provided to institutions for Up-gradation of Institution.
- ▶ Support to Existing Project Implementation Agencies (PIAs) / Institutes as well as new Project Implementation Agencies towards training cost

Research and Development

- ▶ Centre of Excellence for Textiles / Technical Textiles to undertake Research & Development projects
- ▶ Design Development and Product Diversification- enable handloom entrepreneurs or units

Nuthana Javali Neethi 2013-18

SUPPORT FOR INDIVIDUAL NEW UNITS

Credit linked Capital Subsidy (Investment upto INR 99 Crore (USD 16.5 Mn)- 20% or 15%

- ▶ Varying as per the Zonal Classification and Regional Classification
- ▶ Interest subsidy-50% of the approved layout
- ▶ Entry Tax, Stamp Duty, Power Subsidy, ESI & PF reimbursements
- ▶ Additional Subsidies and Special Credit Linked Capital Scheme

Soft Inputs

- ▶ Reimbursement for Market Development and Branding, Design Development and Product Diversification, Standards and Compliances specific textile zones in backward areas
- ▶ Assistance for Resource Conservation and Environment compliance to existing units

Cluster Based Facilities

- ▶ Incentive based on zonal classification for development of Green field Textile Parks, Brown field Textile Parks, Common Effluent Treatment Plan (CETP)

Incentives for Mega Projects

- ▶ Basket of incentives for HK and Non-HK Region
- ▶ Subsidies on Effluent Treatment Plants (ETPs)
- ▶ Special Incentives will be considered

For Expansion/Modernisation of Existing Units

- ▶ Credit linked Capital Subsidy-20% or 15% based on P&M Value and Zonal Classification

Skill Development Support

- ▶ Initiatives for Skill Development Centres and Training Institutes

Additional/ Special Incentives

- ▶ SC/ST category-upto INR 20 lakhs Capital Subsidy
- ▶ Disabled/Minority/Ex-serviceman/Women-Upto INR 5 Lakhs Capital Subsidy
- ▶ Eco-Friendly units-upto INR 20 Lakhs Capital Subsidy

Zonal Benefits

Zone 1

- Maximum benefits to backward districts with potential for textile units
- Bagalkote, Belgavi, Ballari, Bidar, Chamarajnagar, Chikkaballapura, Vijayapura
- Chitradurga, Dharwad, Davangere, Gadag, Kalaburagi, Haveri, Kolar, Koppal, Kodagu, Raichur, Shivamogga, Uttara Kannada

Zone 2

- Marginally lesser benefits to relatively developed areas in textile activities and districts with either very little or no textile activities and Anekal Taluka

Zone 3

- No incentives. However, Brown field cluster development, capacity building support etc for SPV/project proponents
- Bengaluru Urban with exception of Anekal

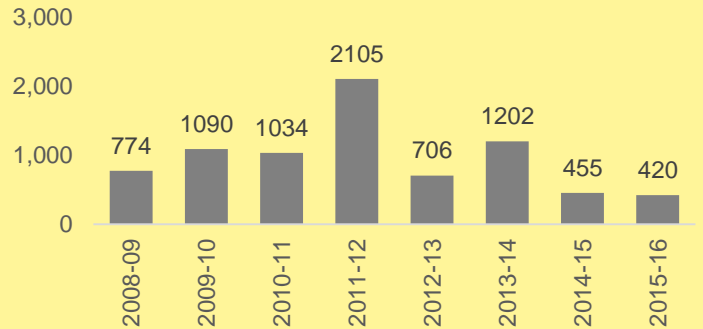
Investment and Employment

Industry has witnessed investment across entire value chain and sub sectors

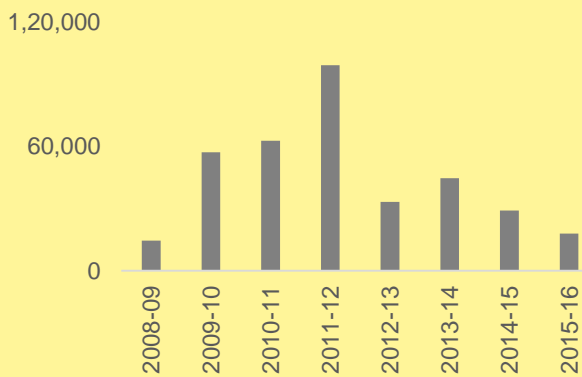
Investments have grown at CAGR of 32.86% during 2000-2013

During the last policy a total of **INR 5,710 Crore** worth of Investment inflow which created an employment opportunity for more than **2.5 Lakh people**

Investment in Textile Manufacturing (in Cr)



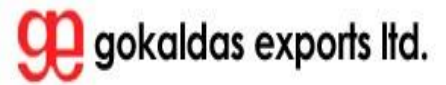
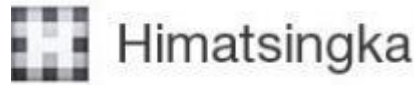
Employment (in numbers)



Post the announcement of New Textile Policy in 2013, investment has continued upward trend with **INR 1,860 Crore investment** proposed till date

For the year 2016-17, nearly **21,582 people** were employed under the sector

Key Players



ARVIND



TEXPORT INDUSTRIES PVT LTD

Shahi Exports Pvt. Ltd.

Manufacturing
in Karnataka

Additional Chief Secretary to
Government of Karnataka
Commerce & Industries Department
106, 1st Floor, Vidhana Soudha,
Bengaluru 560001
Email: acscikar@gmail.com

Commissioner for Industrial
Development and
Directorate of Industries & Commerce
2nd Floor, Khanija Bhavan, No.49, Race
Course Road, Bengaluru 560 001
www.karnataka.industry.gov.in
Phone : 91-80-2238 6796,
Email: commissioner@karnatakaindustry.gov.in

Commissioner for Textile Development
and Director of Handlooms and Textiles
No. 86 Subhodaya Complex, Kumara
Park (West), Railway Parallel Road,
Bengaluru- 560020
Phone: 080-23561628/8228
Web: www.textiles.kar.nic.in
E-mail: texcomgok@gmail.com,
pdsvntex@gmail.com

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