

## Name of the Report: India - Textile Sector – Technical Textile Industry

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### 1. Summary of the Sector

India is the second largest producer of textile and apparel in the world. The Indian textile and apparel industry is expected to grow at a CAGR of 9.5% to reach US\$223 billion by 2021 according to Technopak's 2012 Textile and Apparel Compendium. The textile industry contributes nearly 14 percent of the total industrial production of India, and about three percent of GDP.

Within the textile and apparel industry, the technical textile sector is experiencing an explosive growth due to rising demand for specialized fabrics from various sectors of the economy. According to industry sources, India could be the next hub for both manufacturing and consumption of technical textiles. The Indian technical textile industry is expected to grow at a compound annual growth rate (CAGR) of 21.3 percent between FY12–17 to USD31.3 billion in FY17 (source: [India textiles and apparel Sector Report\\_August 2013 - IBEF India](#)). Although, many key sectors are going through a slump, technical textiles as a segment is expected to grow 20 percent over FY 11-17 in India. This development is due to rising incomes, rapid urbanization, consequent improvement in the standard of living, brand awareness and a well-organized retail sector. Consumption of technical textiles in India only amounts to three percent of the total world consumption; however, the demand in India is growing at a rate higher than most developed countries. India is seen as a key growth market for the technical textile sector due to the cost-effectiveness, durability and versatility of technical textiles. India imports high-end technical textiles and depends on imported machinery and raw materials to produce value-added technical fabrics.

#### Structure of the Technical Textile Industry:

The technical textile sector in India has large national and small regional, as well as multinational players. The sector over 4,000 technical textile units, mostly located in western India. Owing to the technology-intensive nature, domestic production of technical textiles is low in some segments, so demand is largely met through imports.

### 2. Government Policy

The Indian Government's incentive schemes for export and investment promotion have also been key drivers of sector growth. The Technology Upgradation Fund Scheme (TUFS) was introduced in 1999 for a five year period and was extended several times. Its main objective is to support the technology upgrade of textile manufacturing. Under this scheme, new technical textile projects can obtain a ten percent capital subsidy for machinery and a five percent interest credit. Almost all non-woven and technical textile machineries including testing equipment are eligible for this capital subsidy.

Realizing that technology transfer is one of the key factors to establish large-scale technical textile manufacturing units, the Government of India has taken many steps to encourage FDI in this sector. FDI up to 100 percent is allowed in this segment under the automatic route i.e. FDI which does not require prior approval either by the Government of India or the Reserve Bank of India (RBI). Investors are only required to notify the concerned Regional Office of RBI within 30 days of receipt of inward remittances and file required documents with that office within 30 days of issue of shares to foreign investors.

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Moreover, there are several central and state government agencies to facilitate the investment process by international players.

The other initiatives of the Ministry of Textiles, Government of India, are:

- The scheme for Growth and Development of technical textiles (SGDT)
- The scheme for Integrated Textile Parks (SITP)
- A basic customs duty on imported technical textile machinery has been reduced from ten percent to five percent. As a result, the effective customs rate is 18.65 percent.
- The Government of India contributes to the growth of industry clusters by providing support for the cost of common facilities and infrastructure such as power and buildings supporting growth and employment.
- The government has also created SEZs aimed at enhancing FDIs and exports from India.
- The government has supported the technical textile industry with an allotment of USD1 billion for SMEs and an exemption in custom duty for raw materials used by the sector

These SEZs provide duty-free imports and domestic procurements for all goods that are exported.

### 3. Current Market Size & Trends

The technical textile market in India is divided into 12 segments based on the type of products manufactured and the industries in which these products are used. Below is a market prognosis on the various sub-sectors of the technical sector market in India.

#### Sub-Sector Best Prospects:

The technical textiles industry is import intensive with around 30 percent of the domestic demand being met by imports. Indutech and Mobiltech are the largest segments importing into India. Other segments with significant imports are Buildtech, Clothtech, Geotech, Hometech, Meditech, and Protech.

- Agrotech:

The Agrotech market in India was valued at US\$120 million in 2012 and is expected to reach US\$270 million by 2016, growing at a CAGR of 21.76 percent.

- Buildtech:

The Buildtech market in India was valued at US\$480 million in 2012 and is expected to reach US\$960 million by 2016, growing at a CAGR of 18.73 percent. Buildtech is among the import intensive segments of technical textile with imports accounting for 20 percent of the domestic consumption. Flex fabric used for hoardings and architectural membranes are the import intensive products. Over 90 percent of domestic consumption of architectural membranes is being imported. The demand for flex is also primarily met by imports because of price competition.

- Clothtech:

The Clothtech market in India was valued at US\$1,600 million in 2012 and is expected to reach US\$3,200 million by 2016 approximately, growing at a CAGR of 18.60 percent. Interlining, labels and umbrella cloth are the key import products under Clothtech. Interlining and labels have sizeable imports, together accounting for over 40 percent of Clothtech imports. Unlike the majority of products under Clothtech, domestic demand of umbrella cloth is entirely met by imports

- Geotech:

The Geotech & Oekotech market in India was valued at US\$110 million in 2012 and is expected to reach US\$230 million by 2016 approximately, growing at a CAGR of 21.24 percent. The segment is import intensive with imports accounting for 57 percent of the domestic demand of Geotech. Products like geogrids, geomembranes, drains, PVD, and others are predominantly imported since domestic production facilities are still in nascent stages of implementation. The segment, however, accounts for only two percent of the total technical textile imports into India due to conservative views of major institutional users, lack of awareness about the economic benefits, very few testing facilities and a dearth of trained labor.

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- Homotech:

The Homotech market in India was valued at US\$1,300 million in 2012 and is expected to reach US\$2,700 million by 2016 approximately, growing at a CAGR of 20.25 percent. Furniture fabrics account for majority of imports under Homotech. PU/PVC coated fabric is majorly imported since the domestic product quality is inferior to the imported fabric. HVAC filters, blinds and nonwoven wipes account for fairly import intensive products. The majority of blinds are either imported as such, or the coated fabric is imported and fabricated into blinds in India.

- Indutech:

The Indutech market in India was valued at US\$800 million in 2012 and is expected to reach US\$1,500 million by 2016 approximately, growing at a CAGR of 18.27 percent. The domestic demand of AGM glass battery separators and technical textile component of printed circuit boards is entirely met by imports. Technical textile component of composites is predominantly imported with imports accounting for 68 percent of the total domestic consumption. Domestic production of glass fiber is not sufficient to meet demand resulting in imports of these products. Other import intensive products are technical textile component of drive belts, bolting cloth, ropes, cordages and filtration products.

- Meditech:

The Meditech market in India was valued at US\$400 million in 2012 and is expected to reach US\$850 million by 2016 approximately, growing at a CAGR of 20.64 percent. Domestic demand of contact lenses is entirely met by imports. Also, demand for technical textile component of baby diapers and incontinence diapers is also entirely met by imports owing to non-availability of desired quality of nonwoven fabric used for the manufacture of these products. The technical textile component of surgical disposables is another import intensive product wherein 67 percent of the domestic consumption is met by imports. Similarly, 85 percent share of the domestic consumption of artificial implants is met by imports. This can be attributed to lack of manufacturing technology for majority of artificial implants in India. Moreover, the medical practitioners prefer imported products to indigenous ones.

- Mobiltech:

The Mobiltech market in India was valued at US\$760 million in 2012, and is expected to reach US\$1,400 million by 2016, growing at a CAGR of 17.06 percent. Mobiltech is among the import intensive segments of technical textiles with imported products accounting for 27 percent of the total domestic consumption. Some of the products in this segment like airbags and seat belt webbings are mostly imported. This can be attributed to lack of manufacturing technology as well as the nascent stage of consumption for these products in India. Domestic demand for aircraft webbings and aircraft upholstery is also met through imports. Despite India having indigenous capacity to manufacture nylon tire cord, a significant amount (40 percent) of the domestic consumption of nylon tire cord is met by imports.

- Packtech:

The Packtech segment was the largest revenue contributor to the Technical Textile market in India in 2012. The Packtech market in India was valued at US\$3,700 million in 2012, and is expected to reach US\$9,200 million by 2016, growing at a CAGR of 25.01.

- Protech:

The Protech market in India was valued at US\$300 million in 2012 and is expected to reach US\$790 million by 2016, growing at a CAGR of 27.07 percent. Protech is one of the import intensive segments of technical textiles with imports accounting for 57 percent of the total domestic consumption. Technical textile imports under Protech segment account for 16 percent of the total technical textile imports into India. High altitude clothing is the key import product accounting for 90 percent of the total segment imports. The demand for high visibility clothing and reflective wear is also met through imports.

- Sportech:

The Sportech market in India was valued at US\$700 million in 2012, and is expected to reach US\$1,200 million by 2016, growing at a CAGR of 16.11 percent. The imports in Sportech segment only constitute about 2-3 percent of the domestic consumption by value. The requirement for sail cloth, ballooning fabrics and artificial turf is entirely met by imports. Other products with significant import volumes are sleeping bags and tents.

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Source: Report: Indian Technical Textile Market Technavio: <http://www.technavio.com/>

#### **4. Market Entry & Opportunities**

##### **Market Entry:**

As mentioned earlier, the Indian technical textile market has significant potential; however, patience and persistence are essential to succeed. As India is a price sensitive market, U.S. suppliers need to offer price competitive rates to effectively sell equipment in the Indian marketplaces. In addition, significant resources have to be expended for training and awareness as several Chinese and European suppliers are strongly entrenched in the market.

U.S. companies interested in entering the Indian market are encouraged to align themselves with the Office of Textiles and Apparel (OTEXA), at the U.S. Department of Commerce in Washington, D.C. Also, creating a local presence in India is strongly advised. However, if a company isn't ready to establish a branch office or a subsidiary, they should identify and recruit/appoint a local agent, representative, or distributor to service the market. It is important to remember that India is a huge and diverse country, with 22 officially recognized languages. As such, it is prudent to strategically consider the appointment of multiple distributors/agents to serve each geographical area of the country. The U.S. Commercial Service can help U.S. firms to identify agents and distributors, through our Gold Key Service (GKS) program, offered through our seven offices in India. Due diligence is strongly recommended to ensure that partners are credible and reliable.

This can be done through the U.S. Commercial Service's International Company Profile (ICP) program that endeavors to provide an unbiased background check on potential local agents and distributors. Information (product brochures) about the U.S. companies and their products can be made available to the Indian companies at the American Business Corner located in 12 cities in India. U.S. Companies can also consider participating in the trade fairs and trade shows in India. The shows attract a number of visitors and provides a constructive platform to U.S. Companies to meet with Indian buyers and technical textiles associations.

##### **CS India Services:**

The U.S. Commercial Service in India (aka CS India) is one of the largest U.S. Government sponsored commerce network outside the United States. Our goal is to promote U.S. exports to India and reduce the risk to U.S. Companies through information (eg: this report plus business counselling), matchmaking and advocacy.

###### **⊙ Gold Key Service (GKS):**

Through the GKS matchmaking service, we arrange pre-screened one-on-one appointments for U.S. Companies with potential business partners is our most popular service for U.S. executives exploring business opportunities in India. The GKS service includes:

- Four to six appointments with pre-screened sales representatives, agents or distributors, and/or licensing partners
- Profile on each Indian company/partner you will meet; and relevant market information
- Escort by a U.S. Commercial Service staff member for meetings
- Assistance with hotel accommodation
- Post meeting de-briefing with U.S. Commercial Service staff to discuss results of meetings and assistance in developing appropriate follow-up strategies

The GKS is available in seven Indian cities: Ahmedabad, Bangalore, Chennai, Calcutta, Hyderabad, Mumbai and New Delhi. For more information please visit:

<http://export.gov/india/servicesforu.s.companies/goldkeyservice/index.asp>

###### **⊙ International Company Profile (ICP):**

International Company Profile (ICP) offers low-cost, quick background checks and due-diligence reports on potential buyers and partners. Make it a great tool before you sign or renew contracts to make sure you are FCPA compliant. The report includes factual data as well as the post's evaluation to help U.S. firms assess risk, reliability, and capability. An ICP provides:

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- A background report on a prospective partner in 20 business days
  - A listing of the company's senior management
  - Main business activities and product/service lines
  - Banking and financial information
  - Our insight on whether the prospective partner can meet your needs - trading experience, market coverage, stature, business connections in the country
  - Our opinion as to the strength of the company versus its competitors

For more information please visit:

<http://export.gov/india/servicesforu.s.companies/internationalcompanyprofile/index.asp>

◎ **American Business Corners (ABCs):**

CS India has partnered with various business chambers across India to open American Business Corners (ABC) in the second tier cities. Through this partner network we are able to expand our outreach to the local business community where we do not have a physical presence.

ABCs provide information to local importers on U.S. companies through booklets, brochures, newsletters, magazines and CDs; regarding upcoming business opportunities. Points of contact at the nearest U.S. Commercial Service office can also be obtained from these centers. To date, ABCs have been launched in the cities of Madurai, Coimbatore, Vishakhapatnam, Thiruvananthapuram, Kochi, and Mangalore in South India; Guwahati, Bhubaneswar and Patna in Eastern India; Surat in Western India; and Jaipur, and Chandigarh in North India.

For more information please visit:

<http://export.gov/india/americanbusinesscorners/index.asp>

Opportunities:

Some of the technology intensive products like technical textile component of baby diapers, incontinence diapers, high altitude clothing, etc., are majorly imported with imports accounting for over 90percent of the domestic consumption. The lack manufacturing technology and non-availability of raw materials are the primary reasons for high level of imports. However, these products are widely available in India and are imported from China. The U.S. manufacturers will be at a competitive disadvantage.

There is a demand for technical textile machinery such as coating and laminating, spinnmelt machinery, carded and thermal bonding machines and converting machine. These are all covered under the (TUFS) scheme. All machinery for production of different items of technical textiles has been covered under TUFS. The second -hand imported nonwoven machinery and converting machinery for nonwoven items with ten years vintage and residual life of ten years has been covered under TUFS. Under this scheme, there is a five percent interest reimbursement and ten percent capital subsidy for specified processing machinery, specific machinery required in manufacture of technical textiles, and garmenting machinery.

There is a substantial market for imported technology of unconventional textile machinery in India. Primarily, technology for high-tech technical textile products such as artificial implants, artificial turf, automotive air bags, high performance swimwear, high visibility clothing etc. is not available in India, hence, these products are mostly imported.

## 5. **Barriers**

The industry in India is facing some key issues that are hampering its growth. Although the Government of India has taken several initiatives to boost the growth of technical textiles in India but the market has yet to be exploited to its full potential. Listed below are the some of the key issues the sector faces:

- End-users are not aware of the benefits of technical textiles in sectors like Meditech, Agrotech and Geotech, hindering the potential demand of the products.
- There is not sufficient demand for technical textile products in India since it lacks defined standards and regulations (especially building codes) that would promote the usage of products made from technical textiles;
- There is a dearth of local availability of specialized raw-materials which hampers cost competitiveness;

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- Although manpower in India is not an issue but the sector lacks skilled manpower for new technologies like nonwovens;
- Local manufacturers are unwilling to invest in an industry that is energy intensive;
- The cost of end products is high, and there is low demand in India and
- Market demand in the consumer segment is satisfied by cheap imports from China.

## 6. Competition in the Market

MNCs, large scale units, small scale industry units and cottage units all are present in this industry. Small scale industries have a significant presence in converting activity. Some of the large scale units are listed below:

Segment	Leading Manufacturers
Mobiletech	SRF, Century Enka and Nirlon, Bhilwara Textile Mills and Shamken, IFB Auto Liv India, Abhishek Auto and Bond Safety Belt.
Geotech	Supreme Nonwovens Pvt. Ltd., Kusumgar Corporates, Techfab India Ltd., Garware Wall Ropes, Pacific Non-Woven, Strata Geosystems (I) Pvt. Ltd.
Meditech	Johnson & Johnson Ltd., Procter & Gamble Hygiene & Healthcare Ltd., Kimberly Clark Lever Ltd. and 3M India etc.
Protech	Rajasthan Spg. & Wvg. Mills, Digjam Mills, Jayashree Textiles, Kusumgar Corporates, Entremonde Polycoaters.
Agrotech	Garware Wall Ropes, Netlon, Rishi Packers Ltd., Kwalitiy nets, Unimin India Ltd., Malmo Exim Ltd., Fiberweb
Clothtech	Freudenberg Non-woven India, Ashima Limited-Ahmedabad, Pasupathi Spinning and weaving Mills, Sky Industries Ltd., Shivam Narrow fabric, Vardhaman Yarn Threads Ltd.
Indutech	MRF Limited, Kusumgar Corporates, Khosla Profil Pvt. Ltd., Saertex India Pvt. Ltd., Owens Corning India Ltd.
Sportech	Adidas India Marketing Pvt. Ltd., SVG Fashions Ltd., Lakhani India Ltd., Reebok India Ltd., Action Shoes, Bata India Ltd., Cosco India Ltd., Liberty Shoes.
Packtech	Jai Corp Ltd., Gloster Jute Mills Ltd., Ganesh Polytex Ltd., Rishi Packers, Bright Packaging Pvt. Ltd., Priya Fil Group.
Hometech	Sleepwell Mattresses, Reliance Industries Ltd., Ginni Filaments, Lakshmi Cotsyn Ltd., Kurlon Ltd., Shamken Multifab., Riviera Home Furnishing Pvt. Ltd.
Buildtech	Bharat Textile & Proofing Ltd., Entremonde Polyesters Ltd., Mafatlal Industries Ltd., Jindal Specialty Textiles Ltd., Gokak Textiles.
Non-Wovens	Supreme Non-Woven, Ultra nonwoven, Fiberweb India Ltd., Ahlstrom Fibrecomposites India Pvt. Ltd., Pugalia woolen mills Pvt. Ltd., Associates non wovens, Techfab (India) Industries Ltd.

## 7. Success stories

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None available for public use

## 8. **Trade Events / Associations**

### Opportunities to promote

- U.S. Commercial Service Catalog Show helps U.S. companies discover opportunities in India's technical textile market through a catalog show organized at its American Business Corners (ABCs) in Surat, Coimbatore, Jaipur and Mohali.  
For more information please visit: <http://export.gov/india/tradeevents/index.asp>
- Techtexil show is organized by Messe Frankfurt Exhibition GmbH. For more information please visit: [Techtextil India 2015, September 24 – 26, 2015, Mumbai India](#)
- Technotex – 2015 is organized by the Federation of Indian Chambers of Commerce and Industry (FICCI)  
Please visit: [www.Technotexindia.in](http://www.Technotexindia.in)

For more information and participation details, please contact [Noella.Monteiro@trade.gov](mailto:Noella.Monteiro@trade.gov)

## 9. **Useful Web Links**

- Ministry of Textiles - <http://texmin.nic.in/>
- Technical Textiles - <http://technotex.gov.in/>
- FDI policy in Textiles - [http://texmin.nic.in/fdi/fdi\\_home.htm](http://texmin.nic.in/fdi/fdi_home.htm)
- Indian Technical Textile Industry (ITTA) [www.ittaindia.org](http://www.ittaindia.org)

### **Sources for Information :**

- Ministry of Textiles - <http://texmin.nic.in/>
- Technical Textiles - <http://technotex.gov.in/>
- Baseline survey done on technical textiles industry by Govt. of India - [http://technotex.gov.in/Revised\\_Final\\_Report\\_-\\_Baseline\\_Survey\\_of\\_Technical\\_Textilepercent20industry\\_in\\_India.pdf](http://technotex.gov.in/Revised_Final_Report_-_Baseline_Survey_of_Technical_Textilepercent20industry_in_India.pdf)
- FDI policy in Textiles - [http://texmin.nic.in/fdi/fdi\\_home.htm](http://texmin.nic.in/fdi/fdi_home.htm)
- Technavio: <http://www.technavio.com/>
- Emerging Markets Information Service, ISI Emerging Markets- [www.emis.com](http://www.emis.com)
- Indian Technical Textile Industry (ITTA)- [www.ittaindia.org](http://www.ittaindia.org)
- India Brand Equity Foundation (IBEF)- <http://www.ibef.org/>
- Export.gov- <http://export.gov/india/>

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**Location:** Mumbai - India

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